



# INTEGRATED REPORT 2020

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## Editorial Policies

This report has been edited with reference to various guidelines such as the International Integrated Reporting Council (IIRC) framework, with the aim of helping our stakeholders understand the Group's business activities and medium- to long-term value creation stories.

From fiscal 2020, the title has been changed from the previous "Kansai Electric Power Group Report" to the "Kansai Electric Power Group Integrated Report," in which both financial information and non-financial information are described systematically. We are working to enhance disclosure content in order to convey our efforts to restore the trust of the Group as well as telling the story of medium- to long-term value creation to achieve sustainable growth in a more easily understandable manner.

We hope that this report will help build good relationships between the Group and its stakeholders.

## Reference guidelines, etc.

GRI: 2016 GRI Sustainability Reporting Standards; GRI Sustainability Reporting Guidelines (G4) (Disclosure items by industry)

Ministry of the Environment: Environmental Report Guidelines (2018 Edition) ISO 26000

IIRC: International Integrated Reporting Framework

Ministry of Economy, Trade and Industry: Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation; Guide for SDGs Business Management

## Place of Publication

CSR and Quality Promotion Group,  
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## Report Publication Date

Published November 2020

2019: Published August 2019

2021: To be published in summer of 2021

## Scope of Report

Period covered: April 1, 2019 to March 31, 2020

(We will also report on important information that may fall outside of that time frame.)

Companies covered: The Kansai Electric Power Co., Inc., and Kansai Electric Power Group companies.

"The Company" refers to the Kansai Electric Power Co., Inc.; the names of the various group companies are clearly stated in the relevant text. In this context, the non-consolidated figures for fiscal 2019 refer to those of the Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc.

## Caution Concerning Forward-Looking Statements

Information contained in this report regarding future projections related to the Group's plans, strategies, and anticipated performance is based on information currently available, and involves potential risks and uncertainties. For this reason, the actual performance and business environment may differ from what is projected in this report due to changes in various factors, including changes in the economic situation, market trends, and revisions to relevant laws and regulations.

# The Kansai Electric Power Group Has a Solid Sense of Values

## Management Philosophy

By giving top priority to safety and fulfilling social responsibilities as the axis of business management and upholding our mission of “continuing to serve our customers and communities,” we at the Kansai Electric Power Group will realize a bright, affluent future and keep close relationship with our customers and communities into the future.

## Kansai Electric Power Group Vision

### What we aim to be in the future

We will provide a wide range of safe, comfortable and convenient services from a viewpoint of our customers and business partners, and gain their trust to be selected as the best partner in everyday life and business so we keep growing at home and abroad while fulfilling our resolve to play expected role as Japan’s leading company in the energy sector.

### Our policies

We will work to do the following based on our Guidelines for Action.

- Delivering services from the customer’s perspective
- Being selected as the best partner and continuing to grow
- Fulfilling expected role as Japan’s leading company

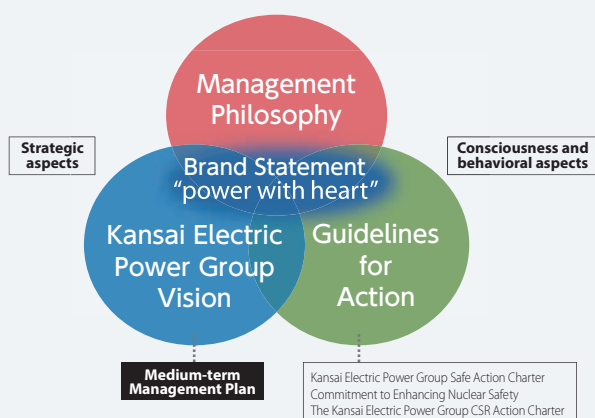
## Guidelines for Action

Based on the concept of valuing people, the Kansai Electric Power Group will contribute to sustainable development of communities through fair business activities.

Each one of our directors and employees will demonstrate a “sense of mission” and “spirit of challenge” which have been cultivated so far and give our best in our duties as a good member of society and also fulfill the following fundamental responsibilities.

### Fundamental Responsibilities

- Give top priority to ensuring safety.
- Surely implement CSR.
- Keep changing to accomplish our abiding mission.



### Brand Statement

*power with heart*

We wish to be a source of power for our customers and communities by serving them with sincerity and passion.

## Greetings from Top Management

**With a determination to regenerate ourselves into a completely new Kansai Electric Power Company, we are committed to pushing through further management reform and reorganization.**

### To all stakeholders

We deeply apologize once again for the enormous inconvenience that we have caused, betraying the trust of our customers and of society at large, with regard to the incident whereby our executives and others received cash and gifts from persons outside the Company.

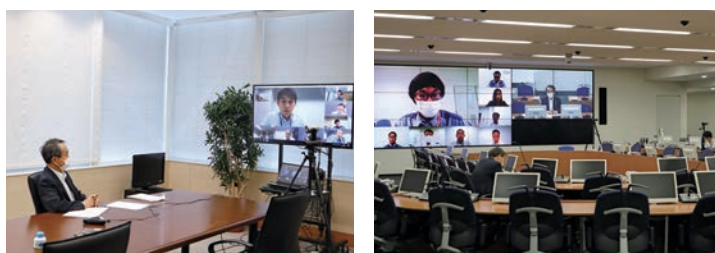
In October 2019, we entrusted a Third Party Committee composed solely of neutral and fair committee members appointed externally and independent from the Company to investigate this incident, and subsequently received a report on the results of this investigation in March 2020.

The investigation report points out the background to a series of incidents, root causes, our introspective corporate culture and many other issues. Taking these issues to heart with the utmost seriousness, we have put together business improvement plans to prevent recurrence and I have made a promise – “the President’s Oath to Shareholders” – that I would take the lead in rolling out these reforms with unwavering determination.

By dedicating our best efforts to executing our business improvement plans, we will carry out sincere, highly transparent and open business activities. In June, we shifted our corporate structure to a “Company with a Nominating Committee, etc.” and made a new start to achieve more effective governance. By incorporating an external and objective perspective, we will press ahead with establishing thorough compliance and reforms to ensure the appropriateness and transparency of operations related to construction orders and contracts.

Seeking to convey in a more easily understandable manner a blueprint for creating medium- to long-term values for the Group to achieve sustainable growth, including the aforementioned efforts to restore trust, we have prepared our Group’s first “Integrated Report” with enhanced content related to disclosure. This report represents our strong commitment to regain the trust of our customers, in order for our Group to meet the needs of society – and chosen by our customers – under our new system of management. We hope that this report will help you get to know our Group better.

Keeping in mind that the trust of our customers and society forms the foundation of our business, we will draw on the full strength of our Group to restore trust, aiming to “create a new Kansai Electric Power Company.” We ask for your continued understanding and support.



Exchange of opinions between management and employees  
(commonly known as *Sosei-Komi* or communication for creation)  
(Implemented remotely from the perspective of preventing the spread of the novel coronavirus)



## President's Oath to Stakeholders

I would like to deeply apologize for causing our customers, society at large and all other stakeholders a great deal of inconvenience with regard to the incident whereby our executives and others received cash and gifts from persons outside the Company.

I deeply regret this incident and this has led me to once again recognize that "Giving top priority to safety" and "Fulfilling social responsibilities" are the cornerstones of how our Group is managed. I am determined to devote myself to restore trust in order for our Group to meet the needs of society – and chosen by our customers.

As I stand at the forefront of advancing these reforms, I hereby promise the following four points:

1. Keeping in mind that "Priority should not be given to business performance and business activities over compliance," as the head of the Kansai Electric Power Group, I promise to always think from the "user's perspective" - not only regarding compliance with laws and regulations but also what social norms are and how things can change due to the passing of time, and to continue to act accordingly.
2. If necessary, and for that purpose, I promise that I will change what needs to be changed without hesitation, no matter what internal practice, rule, organization or system it may be.
3. By continuously and thoroughly carrying through with the above, I promise that I will bring home to everyone in our Group my strong will toward these reforms, and the Kansai Electric Power Group as a whole will continue to undertake faithful, highly transparent and open business activities.
4. In the event of a problem that may undermine the trust of our stakeholders, I promise that I will promptly investigate the cause and prevent any recurrence, and my own responsibilities will be clearly sated therein.

With this thought in mind, I will force through reforms with unflagging resolve and continue to serve our customers and society, thereby contributing to the sustainable development of society and the realization of a bright and affluent future.

March 30, 2020

**Takashi Morimoto**

Director, Representative Executive Officer, President



## Regarding the incident whereby our executives and others received cash and gifts from persons outside the Company

We apologize for the enormous inconvenience caused by the incident, namely the receipt of cash and gifts by our executives and others from persons outside the Company and the compensation for retired officers, which led to serious damage being done to the trust extended to us by our customers and society.

On March 14, 2020, we received the following investigation report from the Third Party Committee consisting solely of committee members appointed externally, with regard to the incident whereby executives and others received cash and gifts from outside parties.

### Outline of the Third Party Committee's investigation report

#### Background of the investigation

In order to conduct an objective and thorough investigation into this incident, on October 2, 2019, we decided to establish a Third Party Committee consisting solely of neutral and fair committee members appointed externally, and entrusted the Committee to conduct the investigation.

#### Composition of the Committee

**Committee Chairman** Keiichi Tadaki

Attorney, T&T Partners Law Office / Former Prosecutor General

**Committee Member** Michihiro Nara

Attorney, Hanzomon Sogo Law Office / Former President of the Dai-Ichi Tokyo Bar Association

**Committee Member** Makoto Kaiami

Attorney, Otemachi Law Office / Former President of the Tokyo District Court

**Special Advisor** Kazumasa Kuboi

Attorney, Kuboi & Partners Law Office / Former President of the Japan Federation of Bar Association

#### Investigation period and committee meeting schedule

- Investigations were conducted from October 9, 2019 to March 13, 2020.
- Committee meetings were held 14 times in total.

#### Investigation method

- Interviews/digital forensic investigation of related parties
- Analysis of related materials
- Hotline survey, etc.

### Relationship between Mr. Eiji Moriyama and Kepco

- Mr. Moriyama is considered to have cooperated in attracting and operating nuclear power plants since he was employed by the Town Hall at Takahama, while being willingly involved in the Company's inappropriate behavior which he was privy to. Our officers and employees are deemed to have recognized Mr. Moriyama as "a person who knows the weak points of Kepco."
- Revelations regarding the fact that our officers and employees received large sums of money will result in social criticism that may affect the operation of nuclear power plants. Knowing that, he continued providing Kepco officers and employees with hefty sums of cash and gifts for the purpose of creating further incidents of graft that he knew Kepco would have to keep secret.

### Receipt of cash and gifts by officers and employees of Kepco, etc.

- A total of 75 officers and employees of the Group received cash and gifts worth an aggregate amount of approximately 360 million yen from Mr. Moriyama and others\*.

- The amounts received per occasion ranged from tens of thousands to hundreds of thousands of yen. Occasionally some executives received cash and gifts worth 5 million yen or 10 million yen, combining to create extraordinary amounts of cash and gifts totaling in the tens of millions to over 100 million yen.
- After the Great East Japan Earthquake, in response to compliance with new regulatory standards for nuclear power plants, the number of officers and employees who received cash and gifts as well as the amount of cash and gifts received increased significantly, which coincided with an increase in work orders at nuclear power plants.
- Many of the officers and employees who received cash and gifts purchased goods equivalent to almost the same amount using cash or gift certificates that they had received, and returned the monetary equivalent received by giving those goods to Mr. Moriyama.
- Perhaps the true picture would be to consider that Mr. Moriyama received a huge sum of money from his business partners involved in this incident under the pretext of remuneration, etc., and some of the source of the cash and gifts provided by him came from the remuneration, etc. paid to him by said business partners.

\* Based on the investigation results of the Group companies announced on October 6, 2020, a total of 83 persons received approx. 370 million yen in total (as of October 6, 2020).

## Advance commitments to issue work orders, etc.

- In some cases, our officers and employees made promises regarding the placing of orders for individual construction projects, etc., or a work equivalent to the value of the expected order, in response to a request from Mr. Moriyama, and actually placed these orders accordingly. They also provided information on ongoing or future construction projects, estimated amount of the construction budget for said projects, and so forth.
- These kinds of acts can distort the appropriateness and transparency of the ordering process for sole-source procurement and may also impair the profits of the Company, posing a critical problem in terms of compliance. The value of the work orders was not found to be unreasonable.
- In competitive bidding, the information provided to Mr. Moriyama worked somewhat in his favor, resulting in inappropriate competitive bidding. Moreover, given that the winning bidder was decided prior to the bidding due to an inadequate procedure, it is surmised that the competitive bidding had in part become a mere formality.

## Comprehensive analysis of this incident

- The primary purpose of Mr. Moriyama providing cash and gifts was to maintain the structure or mechanism of having work orders placed to entities related to him and thereby gaining economic benefit from those entities.
- The reason Kepco could not break the relationship with Mr. Moriyama over this long period of time is that the management put addressing the problem off due to its introspective corporate culture and thus governance toward systematically confronting the issue did not work.

## Kepco's response after the cash/gift receiving scandal was revealed

- An in-house investigation was deemed to be insufficient in terms of time horizon and persons subject to the investigation; this investigation was not carried out in depth.
- The failure of executives to report to the Board of Directors indicates that, to say the least, governance for corporate scandals is simply not functioning.
- Audit & Supervisory Board members should have reported to the Board of Directors.
- The fact that making an announcement was not discussed at the Board of Directors is a failure in governance and betrays our shareholders and customers, therefore the Company cannot escape from being criticized for concealment of the misconduct.
- It is a grave problem to have shareholders and directors resolve a proposal on the appointment of persons who received cash and gifts as directors or other senior posts.
- Some of the persons who received cash and gifts filed amended tax returns for the cash and gifts they had received, but top management discussed and decided to compensate them for their additional tax burden.

## Causal analysis

- Kepco's executives/employees lacked the awareness that priority should not be given to business performance and business activities over compliance.
- Kepco's management lacked the decisiveness to tackle the incident in a straightforward manner and correct it.
- Nontransparent and incorrect "local orientedness" justified problematic behaviors.
- Kepco's Nuclear Power Division was self-enclosed and governance over the division was insufficient.
- Vulnerable governance awareness indulgent to insiders, as revealed also in the course of Kepco's response to the incident after its detection
- Introverted corporate culture spreading throughout Kepco (i.e., lack of user's perspective and disregard of transparency)

## Measures to prevent recurrence

- Fostering awareness of compliance from the "user's perspective"  
▶ P07-08, 67-69
- Correction of the introverted corporate culture (and, to this end, appointment of an external individual as Kepco's Chairman of the Board of Directors)  
▶ P07-08, 59-63
- Enhancement of transparency in relation to locally-oriented actions  
▶ P07-08, 64, 73
- Development of clear rules relating to receipt of cash and gift from persons involved in Kepco's business partners  
▶ P07-08, 67-69
- Reestablishment of corporate governance systems which enable prompt communication of inconvenient information and direct on-site reformation  
▶ P07-08, 67-69

## Compliance Committee's investigation results on executives' compensation for part-time engagements, etc. following retirement

On March 14, 2020, the Third Party Committee pointed out that executive compensation for part-time engagements, etc. following retirement has an intent to cover "additional tax payments when filing amendments in relation to the issue of receiving cash and gifts" and "executive compensation reduced due to periods of unprofitable business in the past."

Subsequently, once the facts were promptly confirmed inside the Company, the amount of the compensation paid for part-time engagements, etc. was recovered in full, and the Compliance Committee verified matters from an objective external viewpoint. On August 17, 2020, we received the Compliance Committee's investigation report on executive compensation for part-time engagements, etc. following retirement. According to the report, no other problem similar to this was found to have existed.

# Outline of Business Improvement Plans

## 01 Compliance

### Reforming our corporate culture

We will work to rectify our introspective corporate structure and foster a sound organizational culture that encourages a commitment to compliance.

- President's announcement of his oath to all stakeholders (Please refer to Page 4: "President's Oath to Stakeholders")
- In addition to the review of the "Kansai Electric Power Group CSR Action Charter," we will undertake a comprehensive review of our internal rules, etc.

- Strengthened and enhanced training and education related to compliance, etc.

### Strengthening compliance function

We will seek to enhance the compliance function of the entire Group by restructuring our compliance system with an emphasis on objective external perspectives.

- Creation of a Compliance Committee
  - A majority of committee members, including the Chairperson, are outside members.

## 02 New business management structure

### Shifting to a Company with a Nominating Committee, etc.

By separating the "execution" and "supervision" of business management, we build an effective governance system with an emphasis on objective external perspectives.

- Chairperson of the Board of Directors is an external appointee.
- Outside directors assume the chair of the three statutory (Nominating, Compensation, Audit) Committees.
- Each of the three statutory committees consists of a majority of outside directors.
- Objectivity is ensured concerning the necessity of commissioning the posts of senior advisor, advisor, etc., as well as compensation, etc.

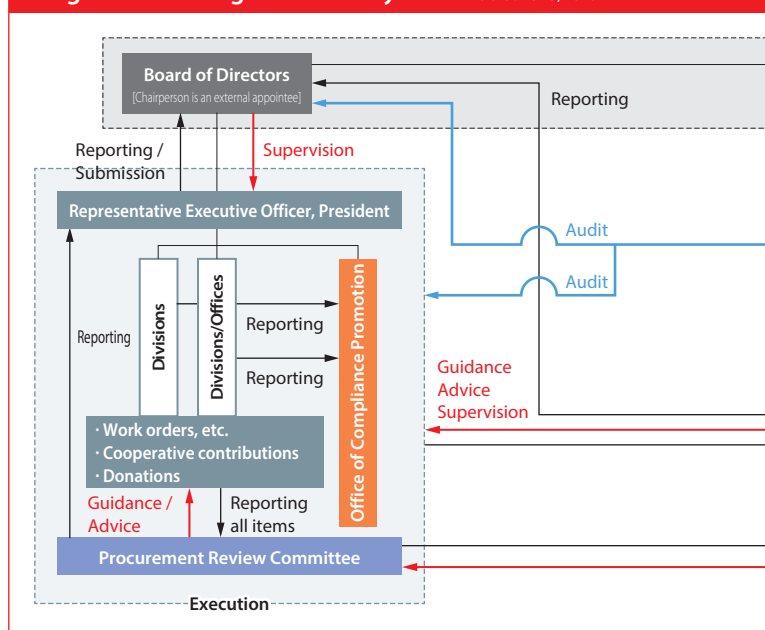
### Strengthening the audit function

- We have built a system that enables the Audit Committee to take the initiative in conducting audits.
- By establishing a Management Office for the Audit Committee, we have developed a system in which staff members with diverse career backgrounds support the work of the Audit Committee.

### Formulating corporate governance guidelines

- We have developed corporate governance guidelines stipulating ideas and policies that contribute to effective corporate governance.

### Image of our new governance system As of June 25, 2020



## 03 Work orders and contracts

### Review of the mechanism governing order placement procedures, etc.

Through the segregation of duties and by introducing post-examination, we ensure the appropriateness and transparency of work orders and contracts.

- Creation of the Procurement Review Committee
  - The Committee consists of multiple outside members and inside members including the officer in charge of the Office of Compliance Promotion.
  - The appropriateness of construction orders and contracts is

examined, guidance and advice are provided as necessary, and a summary of the examination is disclosed to the public.

- In order to segregate duties, in principle, we delegate contracting authority of the division in charge of construction work to the Sourcing and Procurement Division.

### Prohibition of inappropriate operations concerning order placement procedures, etc.

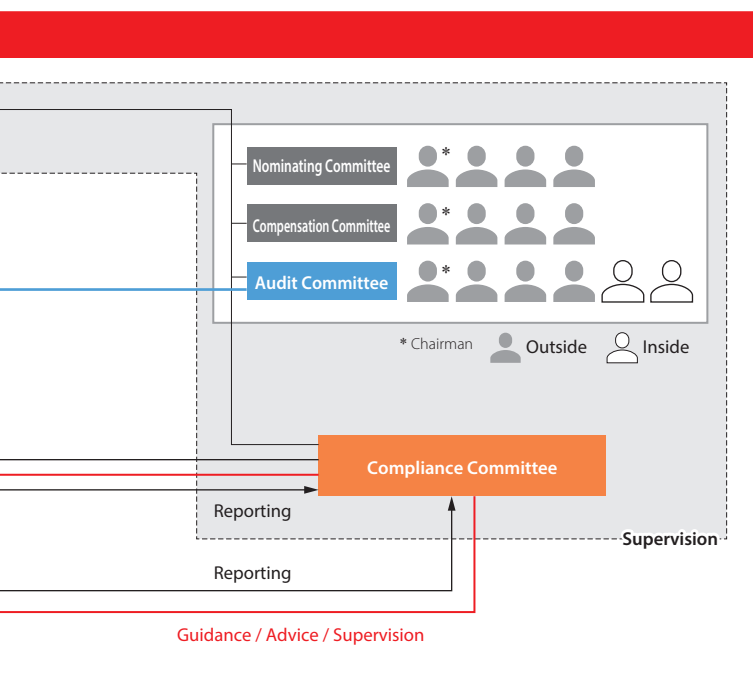
In addition to reviewing and tightening internal rules, the Procurement Review Committee evaluates the appropriateness of procedures.

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.

Taking to heart with utmost seriousness the findings in the report received from the Third Party Committee, we have compiled measures to prevent recurrence and formulated business improvement plans. The implementation status of the improvement plans will be systematically verified by the Board of Directors, Compliance Committee and others, with an emphasis on maintaining an objective external perspective. Only then, after developing additional improvement measures or making corrections as necessary, we will pursue these measures.

Regarding the investigation report from the Third Party Committee, details of business improvement plans, progress of our efforts and other information, please visit our website (<https://www.kepcoco.jp/>).

- From a standpoint independent of the President and other executive officers, the Committee will deliberate and approve basic policies for promoting compliance as well as policies for dealing with problematic events associated with our officers, and provide guidance, advice and supervision as necessary.
  - The establishment of a new Office of Compliance Promotion was approved for execution.
- ☐ Enhanced whistleblowing/consultation system



### Restructuring the governance system for the Nuclear Power Division

- ☐ Strengthening checks and support at the Nuclear Power Division
  - The position of Acting Division Manager has been created and is responsible for compliance.
  - For the purpose of strengthening the audit function, Audit Mission Directors have been appointed as staff members of the Audit Committee.
- ☐ Creating an open organization
  - We hold Board of Directors meetings, etc. periodically at the Nuclear Power Division (Mihama Town).
  - We provide opportunities to executives from other divisions, including those external to the Company, to interact with a wide range of people in the Nuclear Power Division.

- ☐ Clarification of prohibited items
- ① Advance provision to particular individuals or entities of information regarding to work order or contract
  - ② Disclosure of prices of particular orders or contracts leading to advance commitments to issue work orders
  - ③ Inappropriate involvement in prime contractor's order issuance to subcontractors or contract with subcontracts
  - ④ Unreasonable sole-source procurement with designated individuals or entities
  - ⑤ Non-transparent payment of donations and cooperative contributions





## Message from the President

### Committed to creating a new Kansai Electric Power Company

Takashi Morimoto  
Director, Representative Executive Officer, President

*Takashi Morimoto*



### Introduction

Since its founding in 1951, our Group has striven to uphold the *Maedaregake* Spirit, giving top priority to serving customers, and to operate its business to deliver on our stated mission of “continuing to serve our customers and communities.”

In March 2019, we compiled our three-year concrete action plans into the Kansai Electric Power Group Medium-term Management Plan (2019-2021), which is instilled with our determination that, amid ever changing business environment, we will strive to respond ahead of changes and continue to fulfill our mission. We have been working to achieve these goals since the plan was compiled.

However, much to our regret our executives and others received cash and gifts from parties external to the Company and this, coupled with other problems, has severely damaged the confidence in the Company held by our customers and by society as a whole. Trust and confidence are more indispensable to the Group’s business activities than anything else.

In a situation that may be the worst crisis since our Company was founded, we are pressing ahead with reforms to prevent recurrence in order to regain any confidence that has been lost and regenerate the Group as an entity that is once again regarded as necessary to customers and society.

Moreover, the business environment surrounding our Group is undergoing major changes caused by the novel coronavirus, the acceleration of decarbonization at a global level and other factors. Aiming to respond appropriately to these issues, we are currently considering reviewing our Medium-term Management Plan. Based on new business

strategies, we will pave the way for the growth of the Group as well as contributing to the sustainable development of society.

### Efforts to restore trust

In March 2020, we drew up a Business Improvement Plan to prevent recurrence of the gift-receiving issue and other problems and we have been dedicated to executing these measures. In June, we underwent a transformation into a Company with a Nominating Committee, etc. and we turned over a new leaf in order to achieve sound and highly transparent governance. At present, the entire Company is working as one to build a framework of reforms with substance and improve effectiveness.

Key elements of the reforms are the following three points.

The first point is governance reform. In order to clearly separate the roles of execution and supervision of management and strengthen the supervisory function of the Board of Directors, the Company has transformed to a Company with a Nominating Committee, etc. A majority of directors are external appointments and a number of professionals with abundant experience and knowledge hold positions in the three statutory committees (Nominating Committee, Compensation Committee and Audit Committee). We believe that we have been able to build a system for deliberation and execution that incorporates an objective perspective of external members in every process for managerial-level decisions.

Regarding the receipt of cash/gifts and other issues, the

results of the in-house investigation were not reported to the Board of Directors, and the rules for sharing information were not clearly established. Going forward, it is essential to ensure that important matters are reported to the Board of Directors and each committee for thorough discussion. For this reason, the Office of the Board of Directors has been newly established as an organization responsible for the support of outside directors and management of respective committees. Along with that, Audit Mission Directors have been appointed as staff members of the Audit Committee who are regularly stationed at the Nuclear Power Division. Thus, we have put in place a system to communicate the actual situation on-site and all related information to the Board of Directors, etc. with a sense of urgency.

At the request of outside directors, we let them attend meetings where executive officers discuss managerial issues, in order to strengthen the functions of the Board of Directors and ensure transparency.

The second point is thorough compliance.

The Third Party Committee's investigation report points out that the root cause is our introspective corporate structure that lacks a user's perspective, and prioritizing business activities over compliance. Based on that, we will strive to rectify our corporate structure and foster a sound organizational culture.

To achieve this goal, as part of the President's Oath to Stakeholders, I have promised first of all, I will keep in mind that priority should not be given to business performance and business activities over compliance, and that as a company we need to always consider social norms for us to keep up with the times from the user's perspective, not to mention compliance with laws and regulations, and that we continue to act in accordance with said laws. By always being the first to act I, along with other directors, will bring home to everyone in our Group the ideals expressed in this oath.

Additionally, in order to strengthen the Group's compliance-related supervisory functions, we have established a new Compliance Committee that will operate directly under the Board of Directors, which is independent from the execution arm. Composed of a majority of members who are external professionals, the Committee provides guidance and advice to promote compliance across the entire Group, deliberates basic policies, etc., and reports to the Board of Directors on a regular basis.

We have already held committee meetings on several occasions and are moving ahead on reviewing basic policies to foster compliance awareness from the user's perspective.

The third point is to ensure the appropriateness and transparency of work orders and contract procedures. With the Procurement Review Committee set up, we have built a post-examination system for work orders and contract procedures, which is conducted by external professionals.

Based on the findings set out in the investigation report by

the Third Party Committee that the rules for order placement were not clearly established, the Committee members have held vigorous discussions, since its establishment in April, resulting in clearly defined rules regarding work orders and contract procedures settled before the end of June.

Currently, based on these rules, individual projects all undergo strict examination.

The Group would never have been able to maintain its business over such a long time without the trust of customers and society as a whole. In order to regain any trust that has been lost, with the support of outside directors and outside committee members, we will devote ourselves to operating sincere, highly transparent and open business activities. We want everyone to feel that the Kansai Electric Power Group has changed and we want this to happen as soon as possible.

## Progress of our Medium-term Management Plan (2019-2021)

In addition to these efforts to restore trust, we are also implementing measures as set forth in our Medium-term Management Plan.

In our Medium-term Management Plan, we have presented a blueprint for creating unique new values and growing as the Group that helps customers and society address various issues – a blueprint we call *five directions*. In fiscal 2020, we will keep steadily promoting initiatives in line with these directions and work to restore trust through our response to the novel coronavirus, while striving to accomplish the goals of our Business Improvement Plan as set forth in the Kansai Electric Power Group Priority Initiatives (2020), thereby seeking sustainable growth for the Group.

### Kansai Electric Power Group Medium-term Management Plan (2019-2021)

#### "Safety as our top priority" and "fulfilling social responsibilities"

- We will fulfill our responsibilities for safe and stable supply.
- We will work to strengthen our management foundations.

#### Declaration

①

As a leading "decarbonization" company, make efforts to reduce environmental load including response to climate change issues.

#### Declaration

②

Provide "safe, comfortable, convenient" and economical energy services utilizing the solution abilities that we have cultivated.

#### Declaration

③

Create new businesses and services that make the most of the comprehensive strengths of our Group to help solve a wide range of issues of customers and communities.

#### Declaration

④

Realize digital transformations (DX) for the creation of new values.



### “Safety as our top priority” and “fulfilling social responsibilities”

“Safety as our top priority” and “fulfilling social responsibilities” are the cornerstones of our management approach across the Group.

While making concerted efforts to restore trust that has been lost due to the issue of receiving cash and gifts, we continue to give our full attention to environmental changes such as the increasingly intense natural disasters that have struck in recent years and to seek to respond to the expectations of society therein. By doing so, we aim to fully deliver on our responsibility for safe and stable energy supply and to strengthen our management base.

In September 2018, Typhoon No. 21 struck across large parts of the area in which we operate and resulted in an extensive power outage lasting hours, causing inconvenience to many customers. In light of our reflection on this incident not to mention other large-scale disasters that have occurred in recent years, by utilizing drones, smart meters, etc., we have built a resilient electric power system, including a structure and investigation method developed to provide early identification of affected areas. We will continue to strengthen and implement tangible and intangible disaster prevention measures, enabling us to respond more appropriately to what are unfortunately unforeseeable disasters.

With regard to human capital – the source of our competitive edge – the following initiatives serve as our three-pillar approach, namely Human Capital Innovation; Workstyle Innovation/Health and Productivity Management; and Diversity Promotion. Particularly with Human Capital Innovation in mind, we are intent on strengthening our human resources base by making use of our in-house recruitment system to discover and nurture human resources who will play an active role in growth, such as new business creation.

### A leading “decarbonization” company

Regarding Declaration 1: becoming a leading “decarbonization” company, the Group aims to halve CO<sub>2</sub> emissions associated with its power generation business in Japan for fiscal 2030 compared to that of fiscal 2013. What lies at the core of this are two non-fossil power sources: nuclear power and renewable energy.

Regarding nuclear power generation, in parallel with the continuous safe and stable operation of the four reactors that have been restarted, we are steadily improving safety measures with an eye on the restart of subsequent reactors. We will also continue to make every effort regarding special facilities to deal with incidents designated as severe accidents, which are to be completed as soon as possible.

For renewable energy sources, we aim to achieve 6 million kW of installed capacity in Japan and overseas by the 2030s. In fiscal 2019, we started construction of a biomass power plant in Fukushima Prefecture. In Akita Prefecture, we decided to participate in an offshore wind power generation business.

Through these efforts, we are doing our best to increase renewable energy sources.

### “Safe, comfortable, convenient” and economical energy services

Regarding Declaration 2: providing safe, comfortable, convenient and economical energy services, we are stepping up efforts to make the Group’s services more attractive to the consumer by providing a new price menu as well as other enriched services that can deliver added value to our customers.

Specifically, we have started to provide new services for household customers. With our *Tametoku* Service, we temporarily store surplus electricity not used at home for customers who have installed solar power generation equipment after the FIT purchase period ended. For corporate customers, we seek to provide new solution services following the launch of our industrial furnace optimal operation service which aims to support preventive maintenance and energy saving for industrial furnaces using an IoT-based visualization approach.

We will continue striving to serve our customers through making the most of our engineering capabilities as well as leveraging the overall strength of the Group.

### New businesses and services that make the most of the comprehensive strengths of our Group

Regarding Declaration 3: creating new businesses and services that make the most of the comprehensive strengths of our Group, each group company makes efforts to create new value through information and communications, lifestyle and business solutions and so on. This has succeeded in becoming one of the primary sources of revenue for the Group.

Looking at our overseas power business, in September 2019, the Nam Ngiep 1 Hydroelectric Power Plant in Laos, which we refer to as our second *Kuroyon*, or Kurobegawa No. 4 Power Station, commenced commercial operations. In the Philippines and the United Kingdom, the Group launched its power distribution and retail business for the first time in markets overseas. We continue to aggressively pursue business development in this regard.

We are also actively working to create new business opportunities through innovation, not only in the existing business domain. With an internal organization (Innovation Lab) set up to serve as an innovation hub, we are promoting and supporting the commercialization of various business ideas, and boldly facing the challenge of new business domains while accelerating collaboration with external venture firms with high aspirations and goals.

### Digital transformations (DX)

Regarding Declaration 4: realizing Digital Transformations (DX), we are accelerating efforts to improve productivity and create new values across the Group through the independent efforts

of our respective business divisions and cooperation between these divisions and K4 Digital Co., Inc., a subsidiary specialized in digital marketing services jointly established with Accenture Japan Ltd.

Our Thermal Power Division is working on AI-based optimization of fuel operations as well as looking to develop an IoT-driven remote monitoring service, while the Hydropower Division is engaged in developing approaches toward monitoring and inspection of hydroelectric power plants by leveraging AI and drones. All the divisions are carrying out different initiatives and obtaining concrete results.

### Contributing to the sustainable development of society

As represented by SDGs (Sustainable Development Goals), social demand for the sustainable growth of society – sustainability – has been increasing in recent years, and we must respond accordingly. This is consistent with our founding spirit of continuing to serve our customers and communities. In the course of advancing efforts that reflect the five directions set forth in our Medium-term Management Plan, we believe that incorporating such perspectives will enhance the effectiveness of each measure and contribute to the long-term growth of the Group.

Against this background, in April 2019, the former CSR Promotion Council was renamed as the Sustainability and CSR Promotion Council. The Council has formulated comprehensive measures for the Group to contribute to the sustainable development of society, which are now being put into practice.

In May 2019, we agreed to the purpose and signed off on the recommendations of the Climate-related Financial Information Disclosure Task Force (TCFD). Beginning with this issue, our Integrated Report discloses the results of analysis of the risks and opportunities that climate change may bring to our business. Through these analysis, we can grasp the financial impact on our long-term business and implement countermeasures in our business plans.

We will step up our efforts to continue to meet the expectations of our stakeholders while contributing to the sustainable development of society.

## Responding to changes in social structure over the medium to long term

In our Medium-term Management Plan, along with our plans for the next three years, we present the Group's Vision with a view to what the future may hold in the 2030s.

This Vision expresses our wishes to serve our customers and society as a whole even in changing times by providing a wide range of social infrastructure and services beyond the energy

field, to help realize a sustainable future society.

Our Group has an advantage in its overall strength centering on the energy business, and we also excel in information and communications as well as in other fields. Looking to the future, we will take advantage of these strengths and strive to evolve into a corporate group that can earn the trust of customers in fields other than energy. To that end, we will continue to take on challenges to create new values by actively incorporating digital technology and increasing opportunities for collaborations with partners who have common goals, without being bound by "Not Invented Here" syndrome.

Meanwhile, the novel coronavirus continues to spread and it may change the state of the world – our workstyle, lifestyle, industrial structure and the like – significantly in the future. Moreover, the trend of decarbonization is gaining pace across the world, and values, lifestyles and corporate behaviors are undergoing remarkable changes.

Although the outlook remains uncertain, anticipating these changes given the circumstances, the Group intends to review its Medium-term Management Plan, after thoroughly examining what we should do now in order to realize our Vision, so we can show the direction of our business strategies geared toward sustainable growth as soon as possible.

Riding the waves of change and unflinchingly facing up to the challenge of creating new values, we will devote our efforts to make the Group's Vision a reality.

## Conclusion

With the mission of continuing to serve our customers and communities, the Group aims to evolve to support industrial activities and people's lives by providing various social infrastructure and services beyond the energy field.

We are fully committed to creating a new Kansai Electric Power Company that is trusted and chosen by our customers and is deemed necessary in the eyes of society. In this regard, we ask for your continued invaluable understanding and support.

# The Business of Kansai Electric Power (KEPCO) in Figures

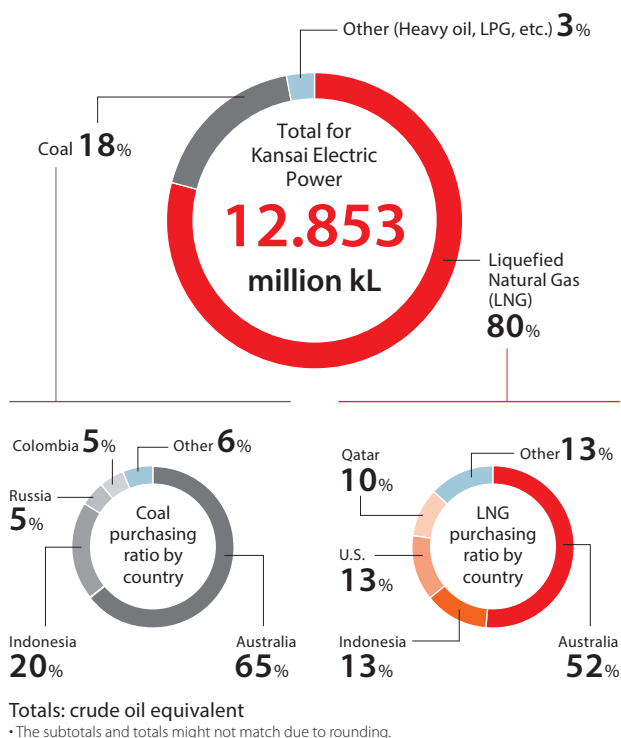
## Comprehensive energy business

### Fuel procurement

Number of procurement source countries: **15** countries

• Actual FY 2019 figures

#### Purchasing record of fuel for thermal power generation



### Sales

Operating revenues: **¥2,658.8** billion

• Actual FY 2019 figures

Retail electricity sales volume: **112,992** million kWh

• Actual FY 2019 figures

Gas sales volume: **1,390,000** tonnes

• Actual FY 2019 figures  
• LNG equivalent (gas and LNG total)

### Power generation

Power sources: **98.2** billion kWh

• Actual FY 2019 figures  
• Generated by our Company

Capacity of power-generating facilities: **30.59** GW

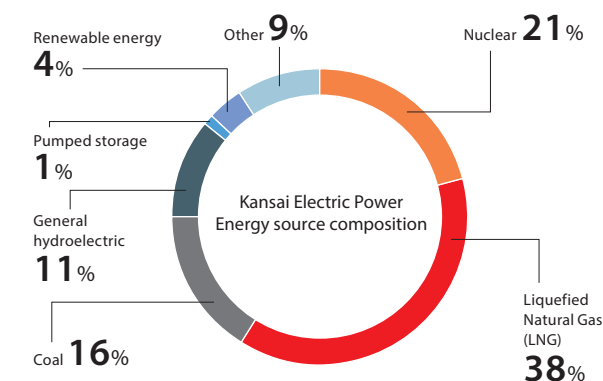
• As of May 31, 2020

Number of power-generating facilities: **167** facilities

• As of May 31, 2020

#### Composition of power sources (supply and demand record by source)

• Actual FY 2019 figures



• Power generated by KEPCO to meet demand  
• Includes power received from other companies  
• Figures may not add up due to rounding off

#### Capacity of power-generating facilities (breakdown by power source) • As of May 31, 2020

Thermal power	15.766 GW	(10 facilities)
Hydroelectric power	8.234 GW	(151 facilities)
Nuclear power	6.578 GW	(3 facilities)
Renewable energy	0.011 GW	(3 facilities)

• KEPCO power-generating facilities only  
• Figures may not add up due to rounding off

## Transmission and distribution business

(Kansai Transmission and Distribution, Inc. has been undertaking power transmission and distribution since April 1, 2020.)

### Transmission and distribution

Length of transmission lines (route length):

• As of April 1, 2020

**18,804** km

Length of distribution lines (route length):

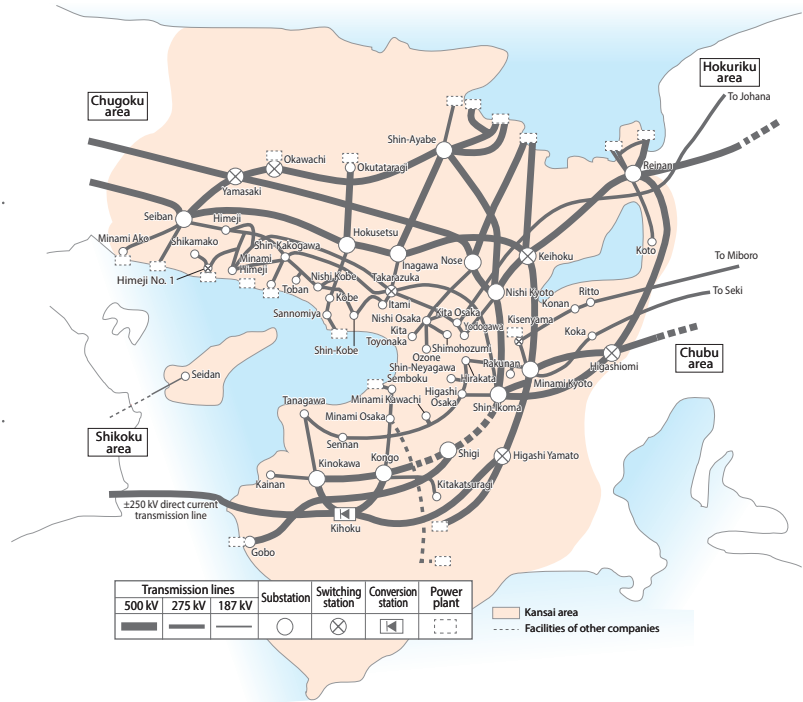
• As of April 1, 2020

**132,662** km

Number of substations:

• As of April 1, 2020 • Excludes distribution unit substations

**914** facilities



## International business

Overseas power generation:

• As of July 10, 2020

**20** projects in **12** countries

Capacity of overseas power-generating facilities (KEPCO investment ratio):

• As of August 31, 2020

**2.816** GW

## Group businesses

Number of group companies:

• As of July 31, 2020  
• Consolidated subsidiaries and affiliates accounted for by the equity method

**81**

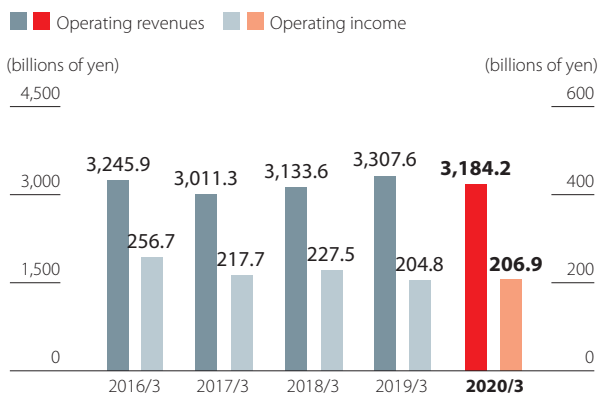
External sales in group businesses:

• Actual FY 2019 figures

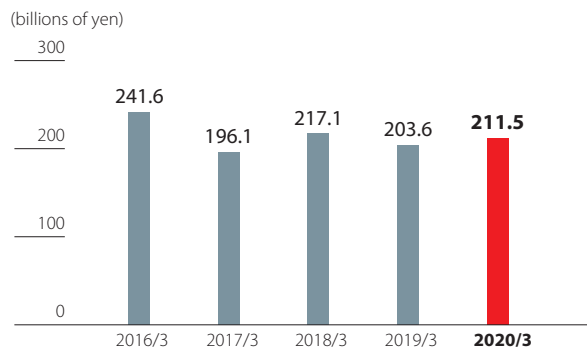
¥ **678.8** billion

# Financial and Nonfinancial Highlights

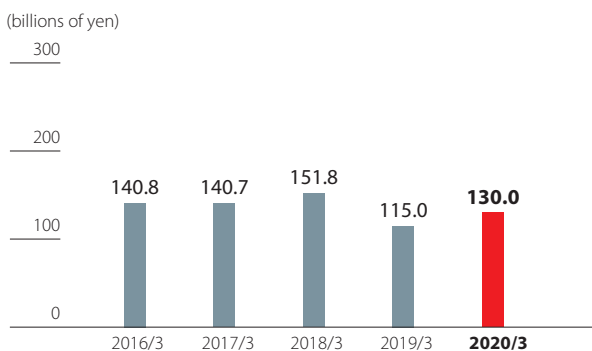
## Operating revenues / Operating income



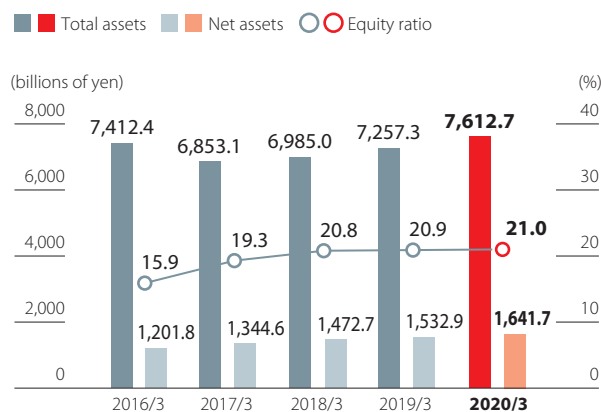
## Ordinary income



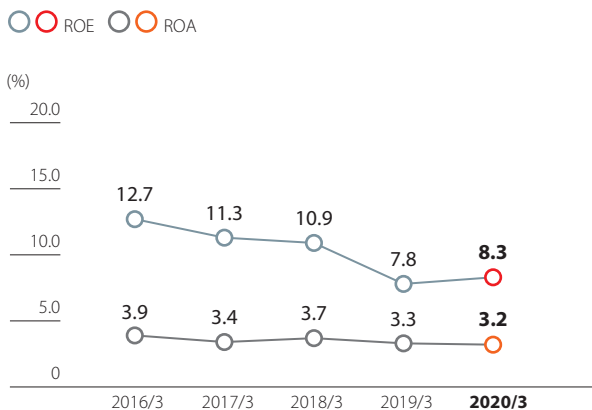
## Net income attributable to shareholders of the parent for this fiscal year



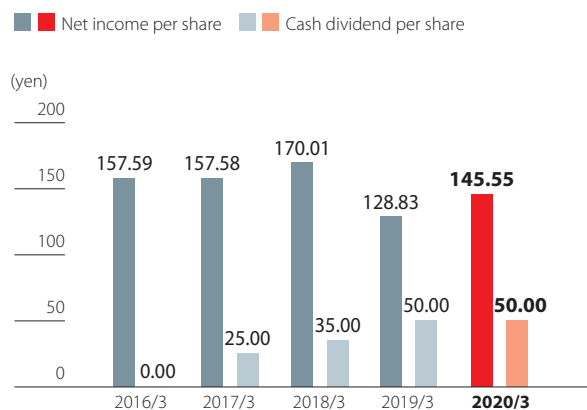
## Total assets, Net assets, Equity ratio



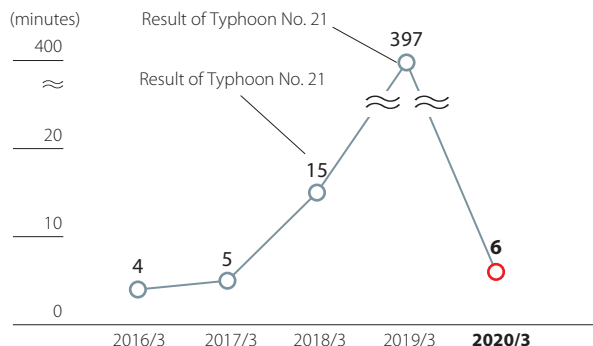
## ROE, ROA



## Net income per share / Cash dividend per share

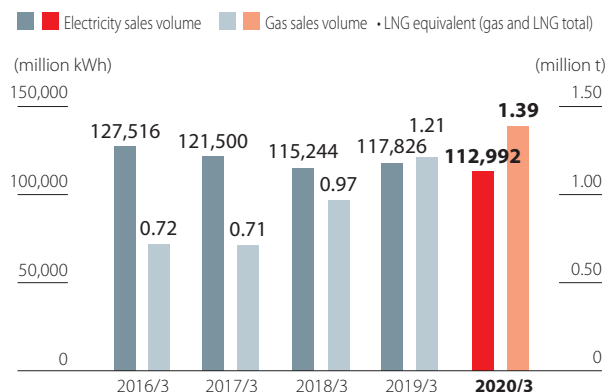


## Annual duration of power outage per household



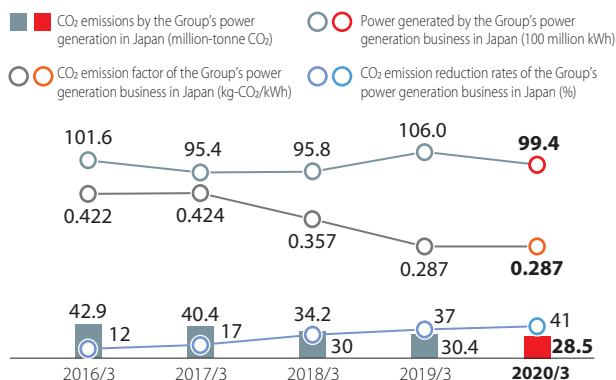
We are working diligently to run power grids reliably, arrange facilities optimally and prevent the recurrence of accidents. As a result of these efforts, with the exception of major natural disasters, we are maintaining one of the world's highest power quality levels in Kansai Transmission and Distribution, Inc.

## Electricity sales volume / Gas sales volume



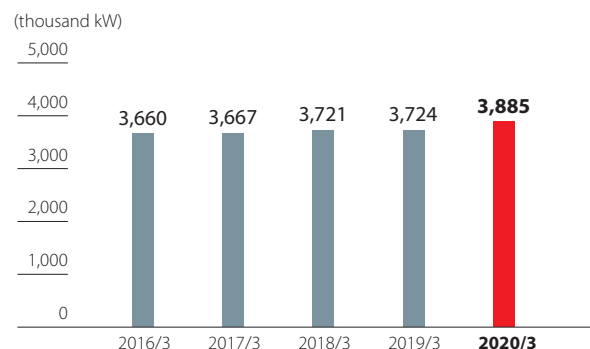
In order to have customers choose our Company, we are providing products and services as a comprehensive energy business that supplies not only electricity but also gas.

## Group's CO<sub>2</sub> emissions and CO<sub>2</sub> emission factors associated with power generation in Japan



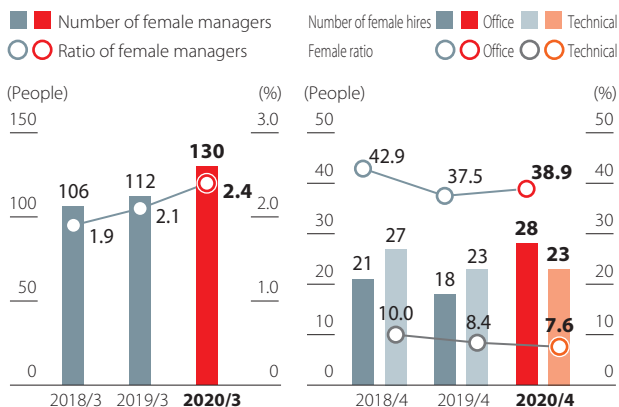
We are working to reduce the carbon impacts of electricity that we provide to customers, starting with efforts for the operation of nuclear power plants with safety as the top priority. Our efforts also include the maintenance and improvement of the thermal efficiency of thermal power plants as well as the development and popularization of renewable energies.

## Accumulated capacity of renewable energy source facilities [consolidated]



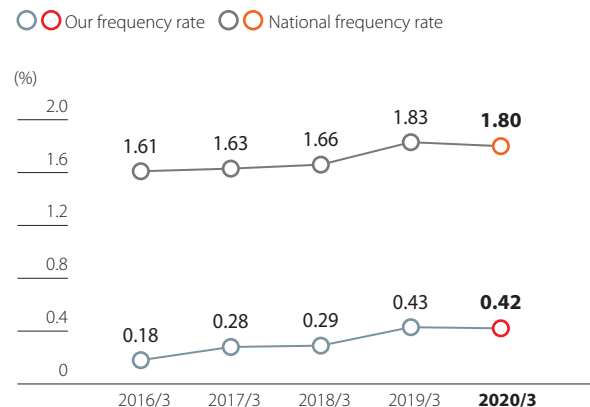
With the set target of 6 million kW capacity of renewable energy source facilities in Japan and overseas by the 2030s, we will work to newly develop more than 2 million kW as a leading "decarbonization" company.

## Number of female managers and number of female hires



To further promote the active participation of female employees, we have set female employment target ratios for management staff as well as those for office and technical staff, and we are working to achieve them.

## Accident frequency rate



When accidents occur, we formulate recurrence prevention measures based on the results of investigations and analyses. By rolling these out consistently throughout the Company, we are striving to achieve "zero accidents."

# Corporate History

In 1951, the restructuring of electric power in Japan resulted in the Kansai Electric Power Company emerging as one of the private companies that integrated both the generation and distribution of electricity. At the time the country was still recovering from the war, and thus the Company as an enterprise launched while facing several challenges, including the tight supply and demand of electricity and an uneven operating balance, as well as an unstable situation regarding the relationship between labor and management. However, by marking milestones such as the construction of the Kurobegawa No. 4 Power Station and the introduction of nuclear power stations, the Company was robust enough to come through and endure difficult challenges such as the two oil crises and the Great Hanshin-Awaji Earthquake to still be here today.

Since 2000, the liberalization of the electrical power sector has led to increased competition, and the environment in which Kansai Electric Power does business has seen radical changes. However, by keeping true to our mission statement of "continuing to serve our customers and communities," we have evolved into a corporate group that has branched out beyond the energy sector to provide a wide range of social infrastructure and services that support both industrial activities and people's lives.

## Changes in society

1954

1973/1979

Rapid economic growth and dramatic increase in the demand for electrical power

Oil crisis

## Changes to Kansai Electric Power



### 1951: The Kansai Electric Power Company established

The Company was established following the restructuring of the electrical power business.



### 1957: Kanden Sangyo (currently Kanden Realty & Development Co., Ltd.) established

Kanden Sangyo was established to develop business mainly related to the management of real estate.



### 1961: Kurobegawa No. 4 Power Station (known as Kuroyon) completed

Completion of a challenging construction project that spanned seven years. The Company began to contribute to the growth of the Japanese economy through the provision of electrical power.



### 1970: Mihama Nuclear Power Station Unit 1 commenced operations

Became the first Japanese power company to start operating the nuclear power station.



### 2000: Entered the gas supply business

Launch of a gas business including sales of Liquid Natural Gas (LNG)



### 2001: Launch of eo Optical Fiber Internet

Started providing internet services utilizing a proprietary fiber-optic network.



### 2011: Mega Solar Sakai Power Station commenced commercial operations

Became the first Japanese company to operate the large-scale solar power station.

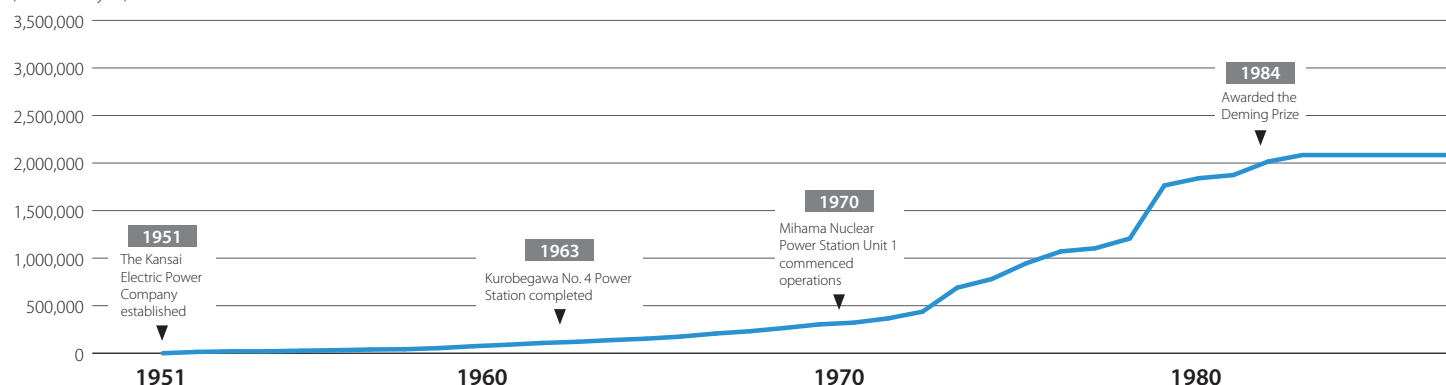


### 2012: Kanden Energy Solution Co., Inc. expanded its business to the Tokyo Metropolitan district

Established a Tokyo Office and began supplying the district with electric power service in 2014.

## Operating revenues

(millions of yen)





**"Safety as our top priority" and "fulfilling social responsibilities"**

- We will fulfill our responsibilities for safe and stable supply.
- We will work to strengthen our management foundations.

**Declaration**

**1**

As a leading "decarbonization" company, make efforts to reduce environmental load including response to climate change issues.

**Declaration**

**3**

Create new businesses and services that make the most of the comprehensive strengths of our Group to help solve a wide range of issues of customers and communities.

**Declaration**

**2**

Provide "safe, comfortable, convenient" and economical energy services utilizing the solution abilities that we have cultivated.

**Declaration**

**4**

Realize digital transformations (DX) for the creation of new values.

1985

**Liberalization of telecommunications**

1990

**Bursting of the bubble economy**

1995

**The Great Hanshin-Awaji Earthquake**

2011

**The Great East Japan Earthquake**

2016

**Full liberalization of electricity retail markets**



**1984: Awarded the Deming Prize as the first in the power industry**

Recognized that the Company has successfully improved its performance through the application of quality control.



**1995: Recovery efforts following the Great Hanshin-Awaji Earthquake**

Approx. 260,000 homes lost power. Every single employee at the Company worked together toward the rapid restoration of the power supply to these homes.



**1998: Joined the San Roque Project**

The Company became the first Japanese power company to participate in an overseas power generation business, collaborating on-site with the construction work.



**1998: An in-house Entrepreneurship Challenge System created**

Based on entries to the first round of the System, the first venture enterprise was established in 2000: Kanden EL-Farm Inc.



**2014: Construction at Nam Ngiep begun**

Construction started at what the Company called the Second Kuroyon Dam Project for Laos – the Nam Ngiep Hydropower Project



**2014: Launch of the mineo mobile phone service**

A new mobile service that enables low-cost usage of LTE/mobile phone functionality/handsets



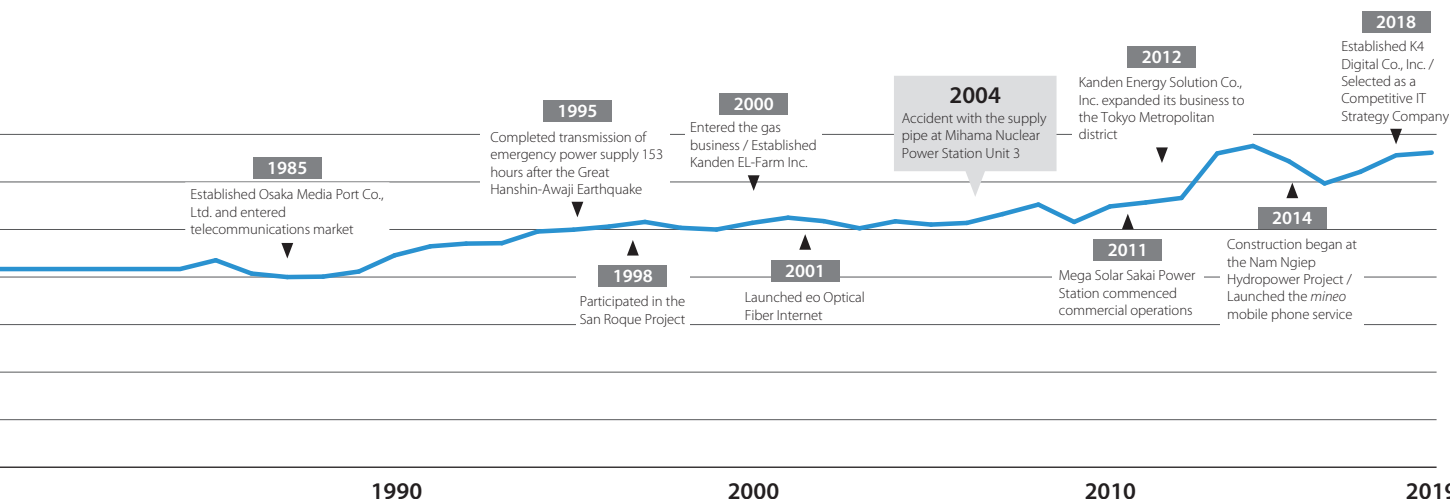
**2018: K4 Digital Co., Inc. established**

K4 Digital was established to leverage digital technologies capable of creating new businesses and changing the business.



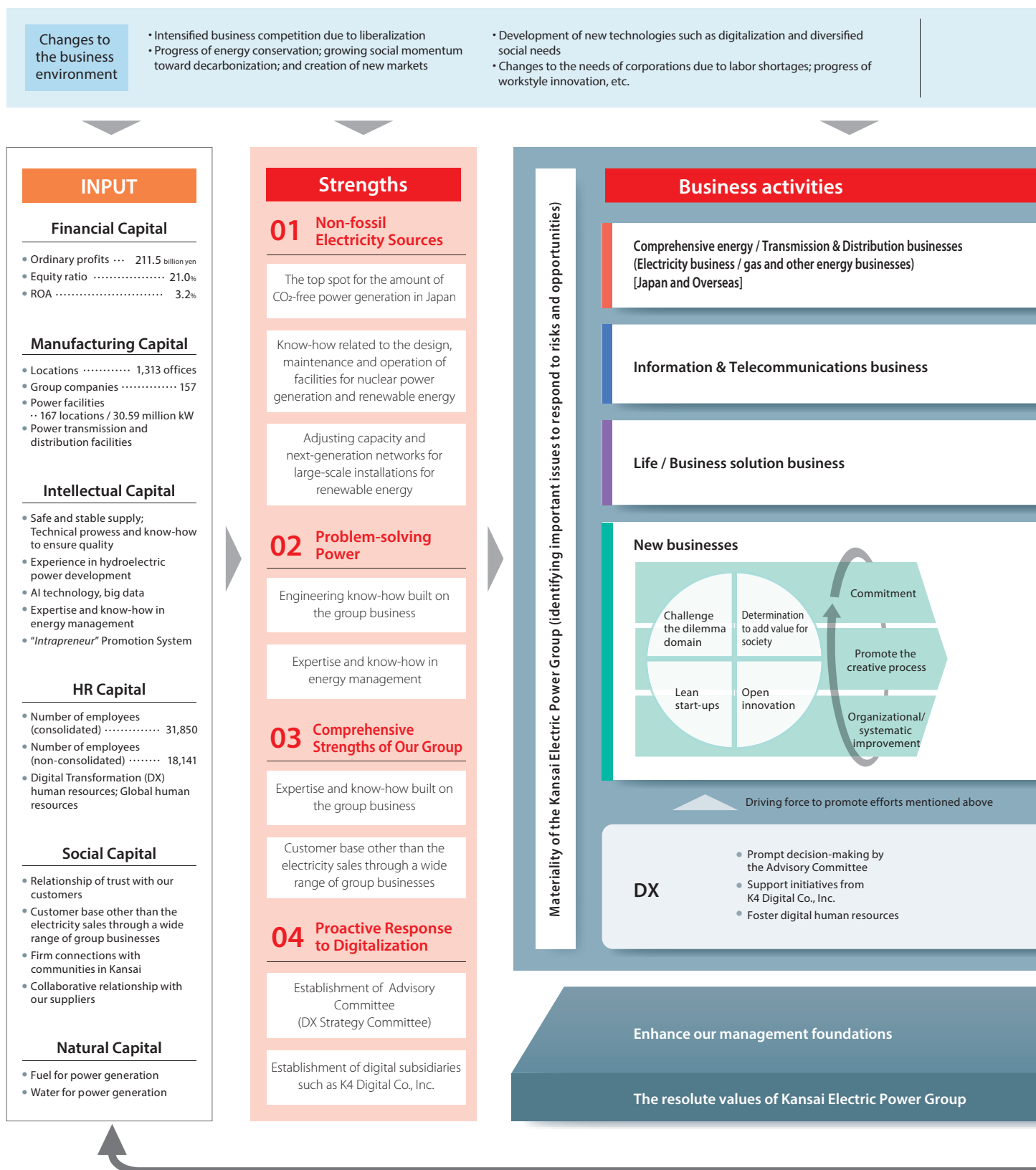
**2018: Selected as a Competitive IT Strategy Company, the first in the power industry**

Awarded for our strategic utilization of IT to increase corporate value and competitiveness.



# Value Creation Process for the Kansai Electric Power Group

Based on accurately understanding global social issues and environmental changes, by utilizing the strengths that we have cultivated and delivering new value, our Group will serve continuously our customers and communities as a major player of a "shared infrastructure supporting the realization of a sustainable society in the future."



- The value creation process is stated in our current Medium-term Management Plan and going forward, as we look to review our Medium-term Management Plan, we shall also seek to review our value creation process.
- Currently with the infectious spread of the coronavirus, we are looking to review our Medium-term Management Plan, reacting to changes in our business environment and investment efficiency, while seeking flexibility in our business portfolio.

Social  
issues

- Global warming
- Natural disasters
- Exhaustion of natural resources
- Secure a stable supply of energy
- Respond to Infectious Diseases such as the novel coronavirus
- Depopulation, decreasing birthrate and aging population
- Low economic growth

## OUTPUT

## Provide value to society OUTCOME

## Increase in business value

- Power generation and supply of electricity
- Production and supply of city gas

- Internet services

- Real estate/lifestyle support services /financial services/ healthcare/business solutions

- New business services



- Adapt existing businesses

## e-Mobility Vision



## A shared infrastructure supporting the realization of sustainable society in the future

## "Safety as our top priority" and "fulfilling social responsibilities"

- We will fulfill our responsibilities for safe and stable supply.
- We will work to strengthen our management foundations.

As a **leading "decarbonization" company**, make efforts to reduce environmental load including response to climate change issues.

Provide **"safe, comfortable, convenient" and economical** energy services utilizing the solution abilities that we have cultivated.

Create new businesses and services that **make the most of the comprehensive strengths of our Group** to help solve a wide range of issues of customers and communities.

Related  
SDGs

## Realize digital transformations (DX) for the creation of new values.

Remote monitoring and inspection



Fast and efficient approaches to work



Make use of decentralized energy sources like VPP development, etc.



Maintenance and preservation of facilities for high level energy management, etc.



Automatic processing of routine work by RPA, etc.



Flexible way of working such as telework



Make use of EV/PHV, etc.



Maintenance and preservation of facilities for high level energy management, etc.



- Enhance our human capital foundations
- Promotion of further cost reductions
- Promotion of compliance

- Proactive promotion of business alliances
- SDGs and ESG efforts

(Management Philosophy, Group Vision and Guidelines for Action)

## Financial Capital

- Ordinary profits on average over 3 years (2019-2021) ..... 2,00 billion yen
- Equity ratio ..... 21.0% or more
- ROA on average over 3 years (2019-2021) ..... 3.2% or more

## Manufacturing Capital

- Establish a position of strength in non-fossil fuel sources for power generation (nuclear, renewables)
- Further development and utilization of renewable energy sources Achieve 6 million kW of installed capacity by 2030s
- New developments at home and overseas: ..... more than 2 million kW

## Intellectual Capital

- Invest in the promotion of R&D and innovations to contribute to the resolution of social issues
- Create new business domains and expand opportunities by changing the power business model

## HR Capital

- Maintain a work environment where anyone can attain their full potential
- Ratio and number of female managers Increase to more than threefold those of FY2018 by the end of FY2030
- Foster more digital human resources, global human resources

## Social Capital

- Expand services that support lifestyles and business activities
- Proactive contributions to development of local communities

## Natural Capital

- Keep the top spot for the amount of CO<sub>2</sub>-free power generation in Japan.
- Halve CO<sub>2</sub> emissions associated with power generation in Japan in FY2030 (compared to FY2013)

## Medium-term Management Plan

Our Group established a new Medium-term Management Plan in March, 2019. Moving toward the accomplishment of the targets in this plan, we will keep advancing efforts in the business fields of comprehensive energy, transmission and distribution, information and telecommunications (IT), and life/business solutions.

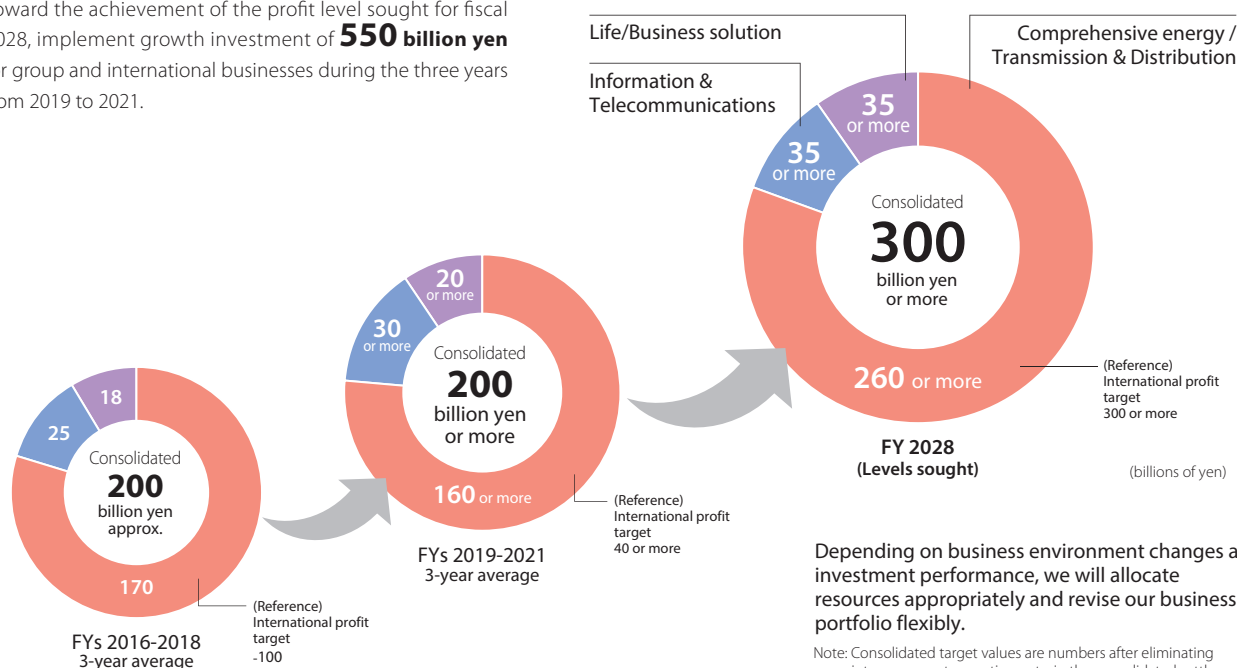
**2019-2021**  
**FORWARD!!!**  
 Going a step ahead, looking to the future

### Financial goals

	Ordinary income	Capital to asset ratio	ROA
FYs 2019-2021	3-year average <b>200</b> billion yen or more	<b>20</b> % or more	3-year average <b>3.0</b> % or more
FY 2028	<b>300</b> billion yen or more	<b>30</b> % or more	<b>4.0</b> % or more

### Future business portfolio image (ordinary profit levels)

Toward the achievement of the profit level sought for fiscal 2028, implement growth investment of **550 billion yen** for group and international businesses during the three years from 2019 to 2021.



## Priority Initiatives for Fiscal 2020

In fiscal 2020, while continuing with our steady implementation of the Medium-term Management Plan, we will work on the Kansai Electric Power Group Priority Initiatives (2020) that were developed in April 2020 and our aim is to achieve the goals set out in the Medium-term Management Plan.

Since our response to the novel coronavirus and our efforts to restore trust lost due to the receipt of cash and gifts, compensation paid for part-time engagements and other related issues are pressing concerns, we have positioned countermeasures for these challenges as our priority initiatives.



### Priority initiatives

#### 1. Response to the novel coronavirus

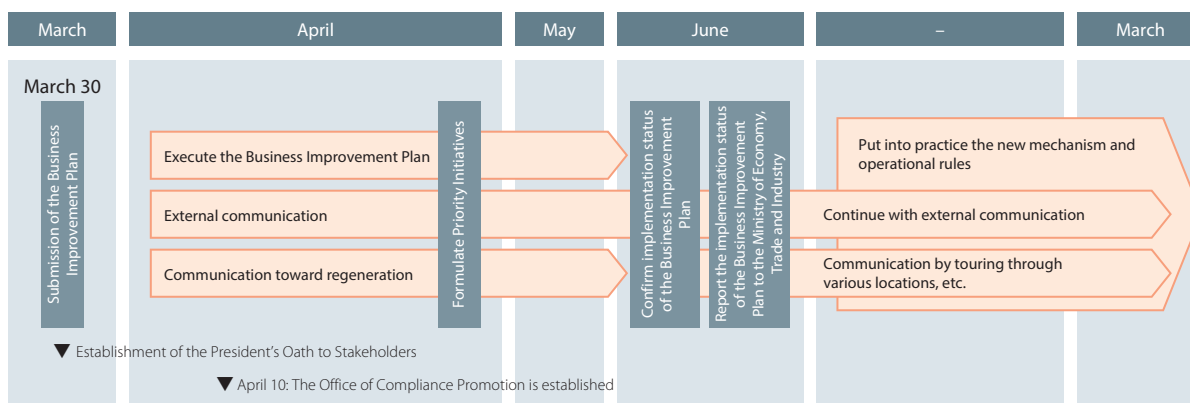
As a business operator responsible for social infrastructure, we will take all possible measures to protect the lives and health of everyone involved in the Group's business activities and to ensure business continuity, so we can continue delivering electricity, gas, communications and other services indispensable for people's lives and businesses in a safe and stable manner.

#### 2. Restoring trust through implementing our Business Improvement Plan

Taking to heart the findings of the Third Party Committee and sharing the awareness that priority should be given to compliance over business performance and business activities, all officers and employees of the Group will make sure to consider how their actions might be viewed from the user's perspective. At the same time, we will move forward with innovative changes in compliance, orders and contracts, mechanisms and operational rules of governance, with an emphasis on an objective, external perspective.

Toward the renovation of business management, while listening carefully to the voices of people outside the Company and also to our employees, we will establish a mechanism and operational rules by the end of June, put them into practice once each item becomes available, and continue with this mode of implementation.

At the end of June, the Company transformed to a Company with a Nominating Committee, etc., and established new initiatives and operational rules with execution and supervisory functions clearly separated



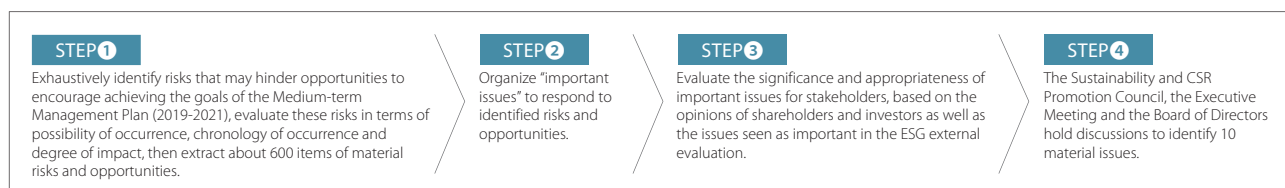
## Materiality for the Kansai Electric Power Group (Important issues)

In addition to achieving the sustainable growth of our Group, we seek to contribute to the sustainable development of society through the pursuit of SDGs and the resolution of other global issues. Along with establishing our new Medium-term Management Plan (2019-2021), we have revised our materiality (important issues).

Materiality	Related SDGs	Risks	Opportunities
Strengthening profitability by providing new value	  	<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>
Strengthening resilient business foundations with safety as the top priority	  	<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</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>
Promoting efforts toward decarbonization	  	<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>
Earning trust and contributing to community invigoration in our business areas		<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> </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>
Promoting diversity and building workplace environments that are safe and comfortable for work	 	<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>
Strengthening personnel development and hiring		<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>
Deepening two-way communication with stakeholders		<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>Business opportunities resulting from domestic social issues, including medicine, caregiving and the aging of society</li> </ul>
Strict enforcement of compliance		<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>	—
Innovating business and strengthening security measures through utilization of digital technologies	  	<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>
Managing risk appropriately in the supply chain from a CSR perspective	  	<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>	—



## Materiality identification process



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

Boundary (extent included in total)	Main efforts and objectives		FY 2019 results
Consolidated base	<ul style="list-style-type: none"> <li>Revenue assurance</li> </ul>	Ordinary profits "200 billion yen on average over 3 years" Equity ratio "20% or more" ROA "3.0% or more on average over 3 years"	<ul style="list-style-type: none"> <li>Ordinary profits "211.5 billion yen"</li> <li>Equity ratio "21.0%"</li> <li>ROA "3.2%"</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Efforts to apply customer opinions</li> </ul>	Implementation of continuous efforts	<ul style="list-style-type: none"> <li>Number of reform cases based on customer feedback "129"</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Quality improvements made for customers</li> </ul>	Customer satisfaction rate "90.0% or more"	<ul style="list-style-type: none"> <li>Customer satisfaction rate "92.0%"</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Expansion of value-added services</li> </ul>	Increase the number of "Hapi e-Miruden" members.	<ul style="list-style-type: none"> <li>Number of "Hapi e-Miruden" members "5,522,000"</li> </ul>
Kansai area	<ul style="list-style-type: none"> <li>Power supply quality</li> </ul>	Annual power outage time per household "Maintain the highest standard in the world" Renewal of transmission towers and concrete pillars (aging measures) "Appropriate implementation"	<ul style="list-style-type: none"> <li>Annual power outage time per household "6 minutes"</li> <li>Renewal of transmission towers and concrete pillars (aging measures); Number of towers and pillars (compared with the plan)</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Preparation for and handling of accidents and disasters</li> </ul>	Number of command and management staff participants in company-wide comprehensive disaster response training "More than 800" Active participation in disaster response training sponsored by external disaster response agencies Number of participants in education and lectures and number of trainings (preparation for nuclear power disasters) Number of injured ordinary citizens "None"	<ul style="list-style-type: none"> <li>Number of command and management staff participants in company-wide comprehensive disaster response training "908 persons"</li> <li>Participation in disaster response training sponsored by external disaster response agencies "79 sessions" (number of training sessions held), Number of participants in education and lectures (preparation for nuclear power disasters) "Approx. 5,700 persons", Number of training sessions "Approx. 6,100 sessions"</li> <li>Number of ordinary citizens suffering an injury "4 persons"</li> </ul>
Kansai Electric Power Group	<ul style="list-style-type: none"> <li>Assure public security at power facilities</li> </ul>	Keep the top spot for the amount of CO <sub>2</sub> -free power generation in Japan. Halve CO <sub>2</sub> emissions associated with power generation in Japan in FY 2030 (compared to FY 2013) About 0.37 kg-CO <sub>2</sub> /kWh*1 for the entire electric power business by fiscal 2030	<ul style="list-style-type: none"> <li>Retain the top spot for the amount of CO<sub>2</sub>-free 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 2019 result: Approx. 28.50 million t-CO<sub>2</sub>).</li> <li>[Our Company: FY 2019] 0.318-kg-CO<sub>2</sub>/kWh*1,2</li> </ul>
Kansai Electric Power Group	<ul style="list-style-type: none"> <li>Further development and utilization of renewable energy sources</li> </ul>	Achieve renewable energy installed capacity of "6 million kW by fiscal 2030" and a capacity of "2 million kW or more new development in Japan and abroad"	<ul style="list-style-type: none"> <li>Achieved renewable energy installed capacity of "approx. 3.89 million kW" and a capacity of "0.54 million kW for new development"</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Maintain and improve thermal efficiency of thermal power plants</li> </ul>	"Achieve benchmark indicators**" (A: 1.00, B: 44.3%) * Indicators based on the benchmark system of the Law Concerning the Rational Use of Energy	<ul style="list-style-type: none"> <li>Achieved benchmark indicators* (A: 1.00, B: 44.3%)</li> </ul>
Kansai area	<ul style="list-style-type: none"> <li>Reduce transmission and distribution loss</li> </ul>	Transmission and distribution loss rate "To be maintained and reduced"	<ul style="list-style-type: none"> <li>Transmission and distribution loss rate "4.8%"</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Continuation of safe and stable operation of nuclear power plants</li> </ul>	"Operation based on operation plans"	<ul style="list-style-type: none"> <li>Electric power generated</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Activities that serve communities</li> </ul>	Sustainable community development plans realized "Maintain and create demand in cooperation with stakeholders"	<ul style="list-style-type: none"> <li>10 plans</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Employee health and safety</li> </ul>	Accident frequency rate "0"	<ul style="list-style-type: none"> <li>Accident frequency rate "0.42"</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Promotion of diversity</li> </ul>	Ratio and number of female managers "Increase to more than threefold those of FY 2018 by the end of FY 2030" Female employment ratios "40% or more for office jobs and 10% or more for technical jobs"	<ul style="list-style-type: none"> <li>Ratio of female managers "2.4%" and the number of female managers "130"</li> <li>Female employment ratios "38.9% for office jobs and 7.6% for technical jobs"</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Creation of workplaces where working is easy</li> </ul>	Rate of paid leave utilization "90% or more"	<ul style="list-style-type: none"> <li>Rate of paid leave utilization "97.1%"</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Development of employee skills and abilities</li> </ul>	Number of group training participants	<ul style="list-style-type: none"> <li>Number of group training participants "34,478"</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Strengthening of personnel hiring</li> </ul>	Number of new employees (achievement rate for plan)	<ul style="list-style-type: none"> <li>Number of new employees (achievement rate for plan) "395/400, 98.8%"</li> </ul>
Kansai Electric Power Co., Inc.	<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>	Promotion of communication with stakeholders	<ul style="list-style-type: none"> <li>Timely and appropriate information distribution to and dialogue with shareholders (investors)</li> <li>Timely and accurate information distribution through various media channels</li> </ul>
Kansai Electric Power Group	<ul style="list-style-type: none"> <li>Strict enforcement of compliance</li> </ul>	Major environmental compliance violations "0" Major social compliance violations "0"	<ul style="list-style-type: none"> <li>Major environmental compliance violations "4"</li> <li>Major social compliance violations "7"</li> </ul>
Kansai Electric Power Group	<ul style="list-style-type: none"> <li>Promotion of Compliance Hotline utilization</li> </ul>	Number of consultations with Compliance Hotline and number of major compliance violations among these	<ul style="list-style-type: none"> <li>Number of consultations with Compliance Hotline "74" and number of major compliance violations among these "0"</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Cultivation of DX human resources</li> </ul>	Promote development of DX human resources through specialist trainings, etc.	<ul style="list-style-type: none"> <li>Number of DX training participants "200"</li> </ul>
Kansai Electric Power Group	<ul style="list-style-type: none"> <li>Information security management</li> </ul>	Major information security incidents "0"	<ul style="list-style-type: none"> <li>Major information security incidents "2"</li> </ul>
Kansai Electric Power Co., Inc.	<ul style="list-style-type: none"> <li>Implementation of CSR-based Procurement Policy and promotion of their adoption by suppliers</li> </ul>	CSR questionnaire implementation rate for new suppliers (Sourcing and Procurement Division contracts) "100%"	<ul style="list-style-type: none"> <li>CSR questionnaire implementation rate for new suppliers (Sourcing and Procurement Division contracts) "100%"</li> <li>"101 companies completed"</li> </ul>
Kansai Electric Power Co., Inc.		Implement CSR questionnaire in fiscal 2019-2021 for about top 200 business partners whose transaction amounts are among the highest with us.	

\*1 Amount of CO<sub>2</sub> emissions per unit of electricity use (sales)

\*2 This value is provisional. Based on the Law Concerning the Promotion of the Measures to Cope with Global Warming and other factors, the actual value of the CO<sub>2</sub> emission factor will be officially announced by the country.



# Addressing Climate Change

## Introduction

Our Group sets targets related to ESG and are making efforts toward achieving them not only for sustainable growth in our Company through the safe and steady supply of energy that considers the global environment, but also for the contribution for the sustainable development of society by solving global social issues.

On the environmental front, our goal is to build a viable business foundation that can contribute to the sustainable development of society by analyzing the risks and opportunities brought about by climate change while reflecting them in our management plan and policy, which are all targeted toward realizing a decarbonized society.

## Support for the TCFD Recommendations

In May 2019, our Company declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures or TCFD\*.

Recognizing the size of the impacts that our Group business activities have on the global environment, we declare our support for the TCFD Recommendations to “analyze and disclose business risks and opportunities originating in climate change over the medium and long terms in order to reduce risks of financial market destabilization.”

\* TCFD was established by the Financial Stability Board, which is an international agency that has central banks, financial regulatory authorities and other organizations from major countries as members. In total, 1419 organizations around the world, including financial institutions, businesses and governments, declared their support for the TCFD Recommendations as of September 16, 2020.



## Disclosure requirements in TCFD Recommendations

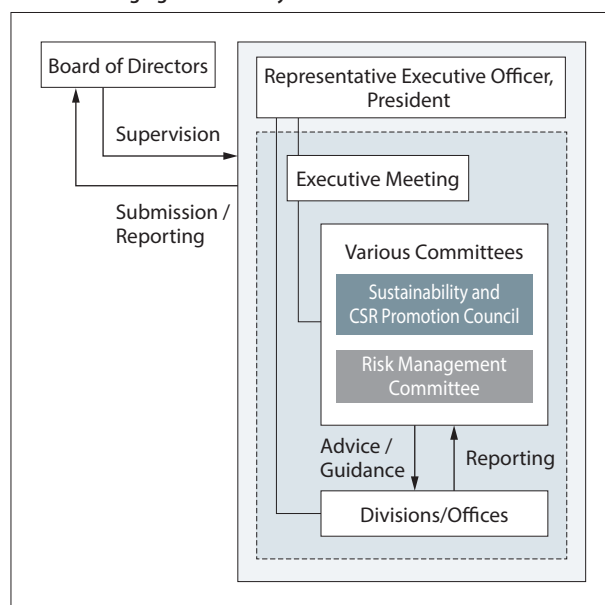
<b>Governance</b>	Organizational governance related to climate change risks and opportunities	<ul style="list-style-type: none"> <li>• Board of Directors' supervisory system for risks and opportunities</li> <li>• Management's role in assessing and managing risks and opportunities</li> </ul>
<b>Strategies</b>	Possible impacts on organizational businesses and financial affairs	<ul style="list-style-type: none"> <li>• Short-, medium- and long-term risks and opportunities</li> <li>• Impacts on businesses, strategies and financial affairs</li> <li>• Robustness of organizational strategies taking into account various climate scenarios such as the 2°C target</li> </ul>
<b>Risk management</b>	Identification, assessment and management status of climate-related risks	<ul style="list-style-type: none"> <li>• Risk identification and assessment processes</li> <li>• Risk management processes</li> <li>• Integration status of comprehensive organizational risk management</li> </ul>
<b>Indicators and objectives</b>	Indexes and targets for assessment and management of climate-related risks and opportunities	<ul style="list-style-type: none"> <li>• Indexes for organizational strategy and risk management</li> <li>• Greenhouse gas emissions (Scope 1, 2 and 3)</li> <li>• Administrative targets and results for risks and opportunities</li> </ul>

## Governance

With climate change as a key business challenge, the Sustainability and CSR Promotion Council (chaired by the President) and the Risk Management Committee (chaired by the Vice President) shall jointly assess and address climate change issues (climate change strategies, materiality, risks and opportunities, etc.) while providing each operating division with advice and guidance as needed.

Meanwhile, the results of assessment and management conducted by the council and the committee are reported to the Board of Directors for approval and, at the same time, reflected in the Group's plans and policies.

## Climate change governance system



## Strategies

Our Group is engaged in analytical work based on data such as those published by the IEA, etc. on future demographics and electricity demand, focusing on three scenarios developed for the domestic electric power business based on two axes: the pace of technological development in CCUS\*, etc. and

decarbonization policies.

With these three scenarios in mind, we address climate change risks and opportunities while reflecting these factors in our business strategies.

\* CCUS (Carbon dioxide Capture, Utilization and Storage) is a technology where carbon dioxide is separated and recovered from emissions from thermal power plants, etc. for use in other industrial processes or for storage underground.

### Three scenarios toward 2050

2°C technology advancement	Thermal power generation accounts for a certain proportion of the power generation mix, as technologies such as CCUS continue to advance.
2°C technology delay	Thermal power generation is heavily regulated, with technological innovation not progressing.
4°C	The 2030 government target (26% reduction in GHG) remains in place.

Note: These three scenarios are not forecasts, but assumptions based on events expected to take place in the future.

### Scenario analysis results

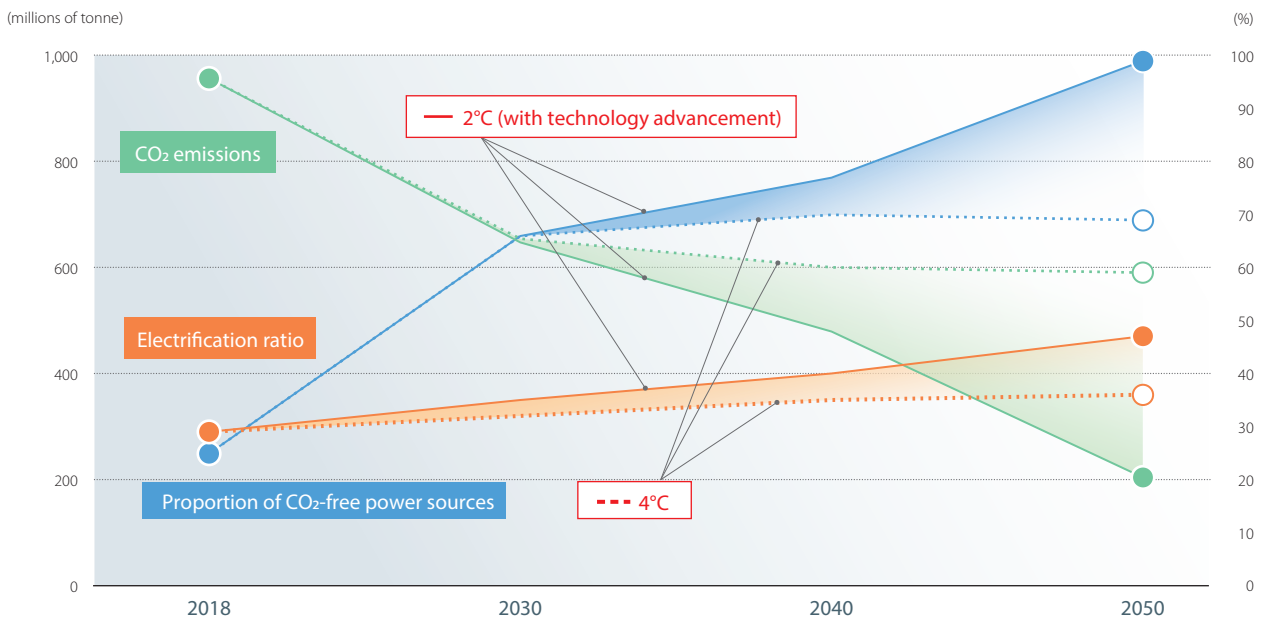
The results of the scenario analysis show that CO<sub>2</sub>-free power sources account for almost all of the power generation mix in a 2°C world.

However, with innovation in technologies such as CCUS progressing, coal-fired thermal power generation, as a CO<sub>2</sub>-free

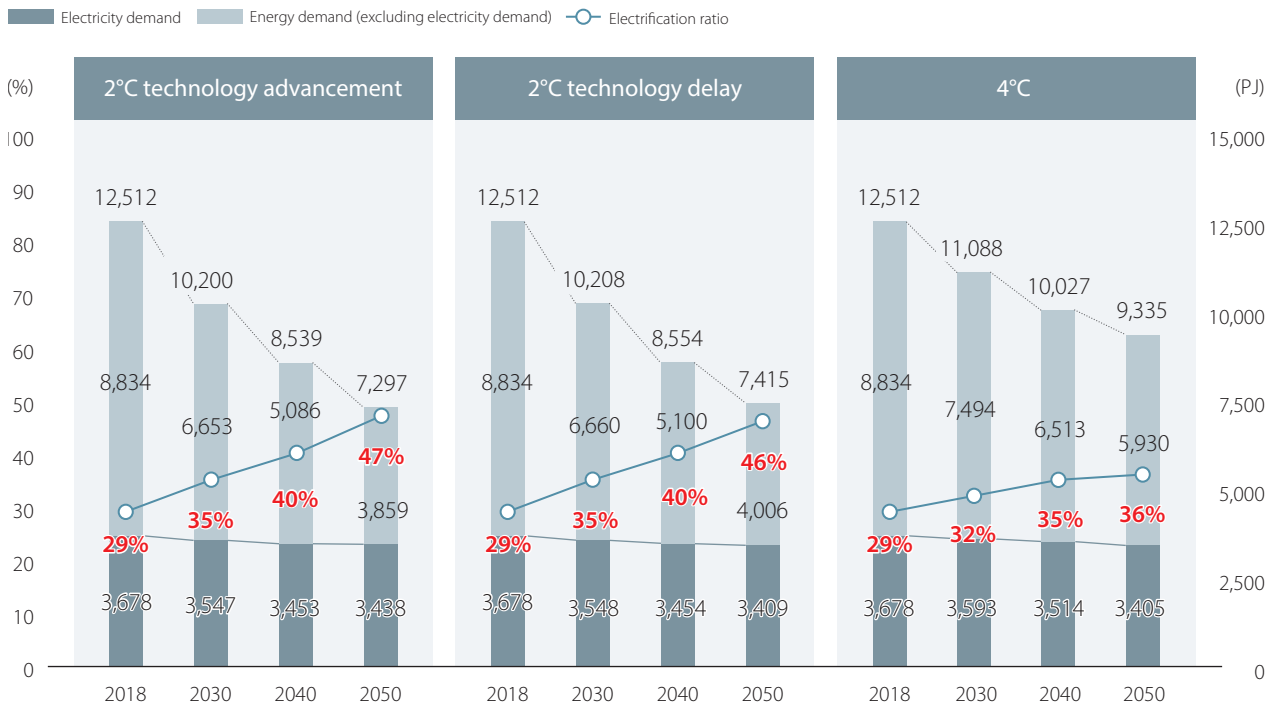
power source, accounts for a certain proportion of the power generation mix. While it is heavily regulated, should technological innovation not progress; this would virtually signify the termination of coal-fired thermal power generation.

Advancement in energy-saving technologies, etc., meanwhile, reduces the total energy demand in which the share of electricity demand increases.

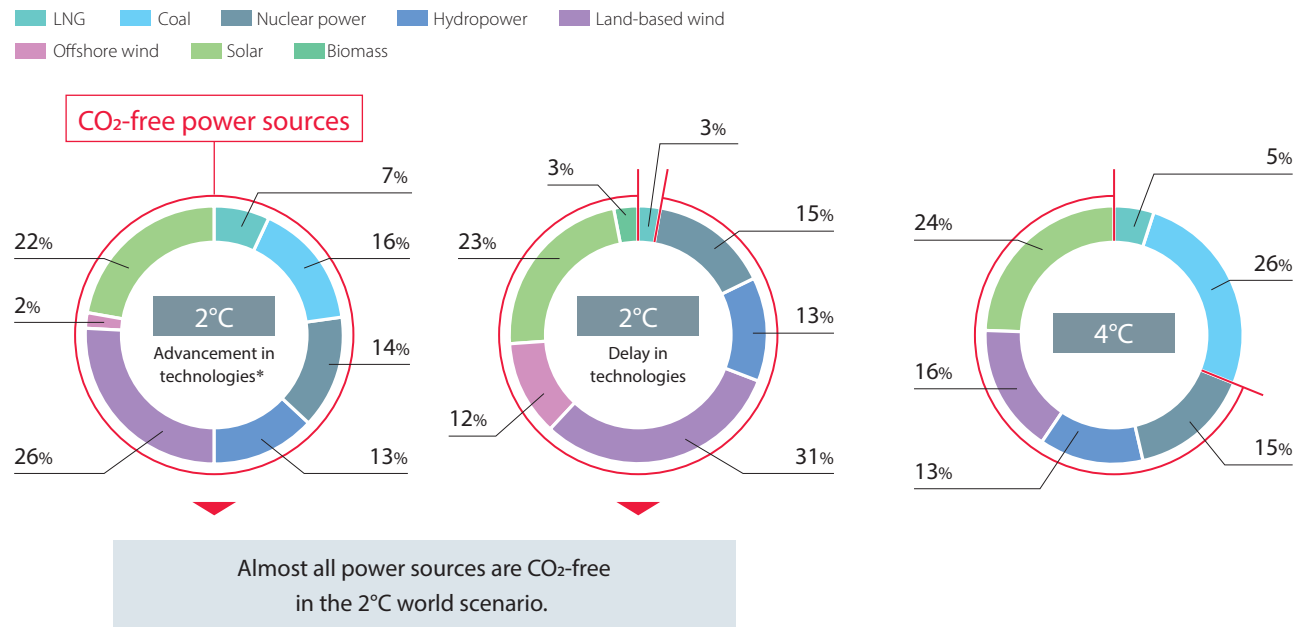
### Proportion of CO<sub>2</sub>-free power source and electrification ratio in Japan



## Trends in total energy demand and electricity demand (Japan)



## Breakdown of 2050 output by power source (Japan)



Note: Percentages may not sum up to 100 due to rounding.

\* Thermal power sources are considered CO<sub>2</sub>-free in the 2°C scenario (with technology advancement) due in part to the introduction of CCUS.

## Identified climate change risks and opportunities

		Risks	Opportunities
Transition risks and opportunities	Policies	<ul style="list-style-type: none"> <li>Thermal power generation loses competitiveness due to the introduction of carbon prices while regulations on carbon emissions boost the costs of abatement.</li> <li>Other power sources lose competitiveness against renewable power sources.</li> </ul>	<ul style="list-style-type: none"> <li>Nuclear power generation gains competitiveness.</li> </ul>
	Technologies	<ul style="list-style-type: none"> <li>Demand decreases as renewable energy and energy-saving technologies make progress.</li> <li>Investment increases as carbon emission reduction technologies become more widespread.</li> </ul>	<ul style="list-style-type: none"> <li>The way electricity is used changes, driven by technological innovation.</li> </ul>
	Markets	<ul style="list-style-type: none"> <li>Environmentally unfriendly products lose competitiveness.</li> <li>Demand structure changes as EVs, storage batteries, etc. become more widespread.</li> </ul>	<ul style="list-style-type: none"> <li>Opportunities for investment in renewable energy increase.</li> <li>Earnings increase, with investment in ESG and decarbonization gaining momentum.</li> <li>Electrification advances, with decarbonization gaining momentum.</li> </ul>
	Reputation	<ul style="list-style-type: none"> <li>Nuclear power generation becomes less socially acceptable.</li> <li>Increases in CO<sub>2</sub> emissions and coefficients result in a bad reputation among customers.</li> </ul>	<ul style="list-style-type: none"> <li>A resilient business foundation boosts the confidence of customers and society, providing for greater opportunities.</li> </ul>
Physical risks and opportunities		<ul style="list-style-type: none"> <li>The restoration and reinforcement costs of power generation, transmission and distribution facilities increase due to intensified climate change.</li> </ul>	

## Our Group's business strategy

Countermeasures for long-term financial impacts, determined through the identification of risks and opportunities, are reflected in our management plan.

The results of scenario analysis show that our business strategy in the Medium-term Management Plan (2019-2021) (addressing climate change and reducing environmental impacts as a leading decarbonization company focusing on nuclear power and renewable energy) is on the right path toward decarbonization.

We are thus committed to developing renewable energy as our main power source, thereby increasing the proportion of decarbonization power sources.

Meanwhile, as electrification is indispensable in realizing a decarbonized society, we will continue to provide valuable services to customers and society while building a new business model, taking advantage of electrification and decentralization opportunities. These are all designed to decarbonize our society as a whole and, by extension, boost earnings.

## Risk management

Risks associated with our business activities are to be managed autonomously by each operating division (including our group companies). We shall enhance risk management for risks considered to have cross-organizational importance including the supervision of departments with specialized expertise on said risks that can provide advice and guidance to various operating divisions.

As climate change poses significant risks to the Group's business activities, efforts are underway to properly control various risks caused by climate change.

Specifically, a system to control company-wide risks along with other risks excluding those related to climate change (e.g., financial risks) determines the significance of each risk in view of its possible impact and probability, the results of which are plotted on a risk map so as to enable an overview of the status of risk management.

Moreover, risk assessment results are presented to the Executive Meeting and the Sustainability and CSR Promotion Council, with necessary risk control measures reflected in the Group's plan and policies to ensure sustainable growth in the future.

## Indicators and objectives

Recognizing the size of the impacts that our business activities have on the global environment, we are committed to promoting renewable energy, effective use of nuclear power generation and improving the efficiency of thermal power generation, all of which are designed to promote decarbonization.

Achieve 6 million kW of installed capacity by 2030s  
(2 million kW or more new development in Japan and abroad)

Halve CO<sub>2</sub> emissions associated with power generation  
in Japan in FY 2030 (compared to FY 2013)

Keep the top spot for the amount of CO<sub>2</sub>-free  
power generation in Japan.

## New Businesses: Rising to the Challenge

We will create new businesses and provide a broad range of solutions to meet developing social issues in the energy and non-energy fields by further accelerating innovation, while leveraging advantages from the comprehensive strength of the Group. Our Group defines innovation as being excellent in both the ability to create new businesses and services and the ability to reform operations of existing businesses, with an established system that nurtures autonomous and sustainable innovation. We are strengthening our structures and building systems capable of promoting these goals.

### Cooperation with outside organizations and structural enhancements to promote innovation

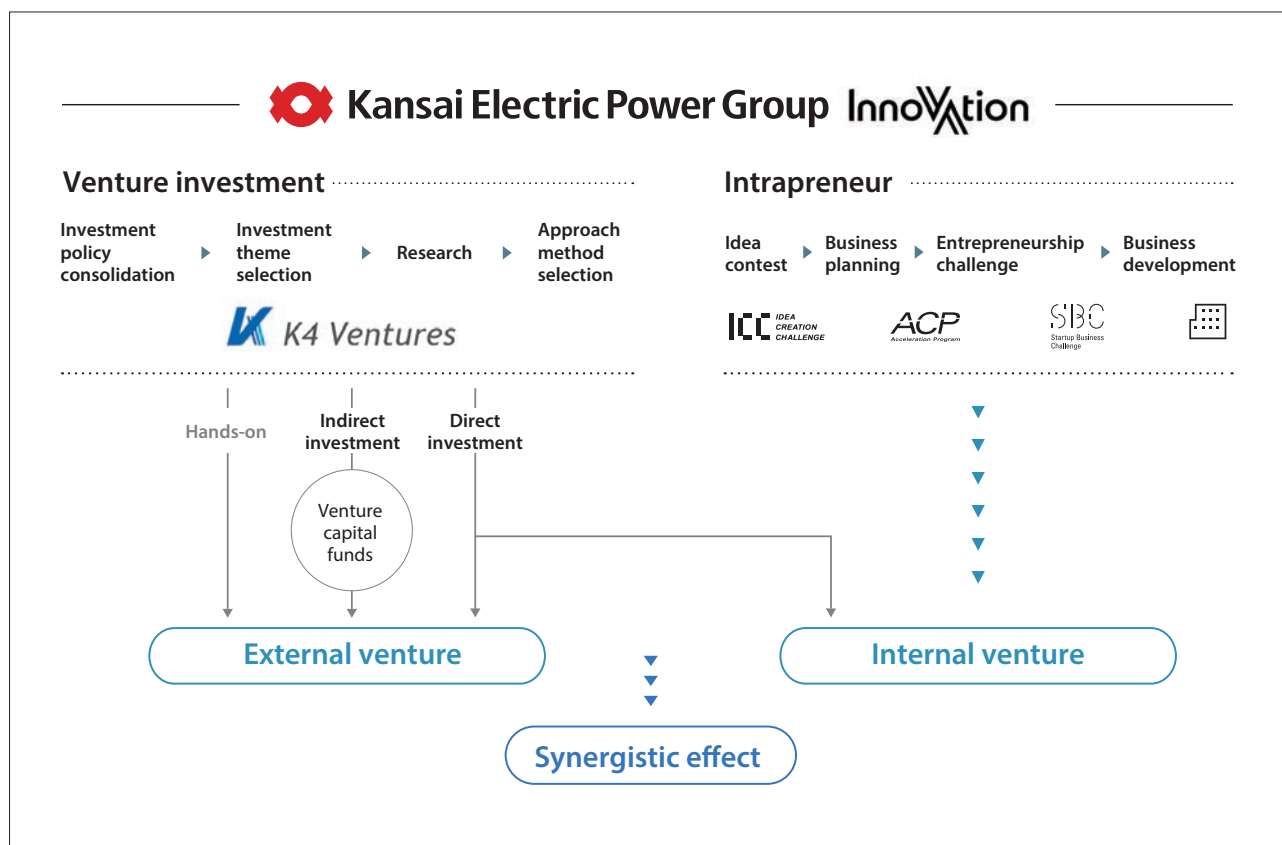
As part of the organizational reforms implemented on July 1, 2019, we set up an Innovation Lab in the Office of Corporate Planning as a hub to further accelerate innovation while leveraging the Group's comprehensive strength and the advantages this delivers.

Besides promoting, coordinating and steering innovation across the Group, the Innovation Lab will advance the creation of new businesses and services not only in the energy field but also in the non-energy field in collaboration with external venture companies.

### Establishment of the Innovation Lab Unit

In the energy field, we aim to enhance new infrastructure in preparation for the spread of electric vehicles (EVs) and the realization of 3D+D (Decarbonization, Decentralization, Digitalization plus *Denka* electrification)".

In the non-energy field, we are engaged in business development activities aiming to contribute to solving issues faced by customers in the areas of social infrastructure, culture/entertainment, agriculture/food and life design, as well as social issues covering areas where demand is limited.



## K4 Ventures GK

In order to strengthen our collaborative efforts with venture companies that possess innovative technologies and business models, K4 Ventures GK, the investment entity of the Group (hereinafter, K4V), makes direct investments in specific venture companies and indirect investment in venture capital funds. K4V supports the growth of promising venture companies through investment as well as promoting collaboration with our Company and our group companies.



### Management philosophy

Challenging the unknown; entering into new fields together with venture companies

### Investment targets and investment sectors

#### Investment targets

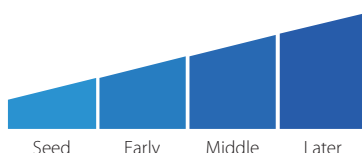
- Start-ups in existing business areas of integrated energy/power transmission and distribution, information and communications, and lifestyle/business solutions that enable both start-ups and our Group to expect growth in businesses through collaboration
- Start-ups with innovative technologies, business models, etc. in new business fields for the Group

#### Investment sectors

Batteries, mobility, robotics, AI, IoT, big data, agriculture and food, culture and entertainment, social infrastructure, life design, etc.

### Target stage

Fundamentally all stages are targets



## Investment track record

### [Indirect investment]

Date of announcement	Investment location
2018. 6.20	EEI 4 Innovation & Impact Investment Business
2018. 9.19	Scrum Ventures 3 Fund
2019. 9.10	Global Catalyst Partners Japan 2 Fund
2020. 2.28	Future Food Fund 1

### [Direct investment]

Date of announcement	Investment location
2018. 5. 7	Ubie, Inc.
2018.11. 1	VPP JAPAN Co., Ltd.
2018.12.28	SIRC Co., Ltd.
2019. 3. 1	EditForce, Inc.
2019. 4.12	CONNEXX SYSTEMS Corporation

2019. 4.15	NExT-e Solutions Inc.
2019. 5.23	Pixie Dust Technologies, Inc.
2019. 6. 5	Space Power Technologies Co., Ltd.
2019. 7.12	GIRASOL ENERGY Inc.
2019.10.31	Exergy Power Systems Inc.
2020. 6.29	Informetis Co., Ltd.
2020. 9.30	Next Energy & Resources Co., Ltd.

## Intrapreneur (internal entrepreneur) Promotion System

The Kanden Entrepreneurship Challenge System has been in operation since 1998, allowing employees in our Group to propose new business projects and going on to commercialize those projects that pass screening. From 2018 onward, the IDEA CREATION CHALLENGE – a contest to share new business ideas – and the Acceleration Program, which raises those ideas to the level of business plans, have been added, thus strengthening and promoting these systems that support internal entrepreneurship across those three steps.

As of the end of June 2020, nine projects have been commercialized under the Kanden Entrepreneurship Challenge System, of which four companies are continuing to develop these businesses.

<Companies with ongoing business>

- Nekojitadou Co., Ltd. established in February 2020
- TRAPOL GK established in October 2019
- Meteorological Engineering Center, Inc. established in September 2004
- Kanden-EL-Farm, Inc. established in January 2000

## Establishment of “e-mobility” Vision

In October 2019, the Mobility Unit adopted “e-mobility” Vision, a program aimed at contributing to solving social issues through the spread of EVs (electric vehicles) as well as installing the necessary infrastructure. We believe that EVs will play an important role as part of the 3D+D movement, namely: Decarbonization, Decentralization, Digitalization plus DENKA (electrification). We aim to accelerate the spread of EVs by improving the required infrastructure and delivering customer-oriented services, thus seeking the realization of an e-mobility society equipped with a new EV-centered mobility system.





## Nekojitadou Co., Ltd.

Established in February 2020 through the Kanden Entrepreneurship Challenge System.

Founded by a former nurse Ms. Atsuko Shibata with the help of her colleagues, Nekojitadou is a company that aims to help people enduring eating difficulties due to their cancer treatment – as experienced by Ms. Shibata herself during her own treatment for cancer.

Through the sale of original cutlery (spoons, forks, etc.) designed to be used comfortably by anyone, and a community where people experiencing the same concerns can gather and connect, Nekojitadou makes opportunities to regain the joy of eating.

By drawing on the new value of peer-made (i.e. products designed by people in the same situation), we are trying to change the world so that people who have trouble eating because of cancer treatment or due to other reasons can live in their own way.



猫舌堂®



The Nekojitadou management team



Nekojitadou original cutlery

## Gekidaniino GK

Through iino, a 5 km/h mobility service created by the Innovation Lab, Gekidaniino GK aims to develop business at the intersection between Mobility and Culture/Entertainment. By creating a space that can be experienced only at 5 km per hour and providing content specifically for that situation, the aim is to realize transportation that is both entertaining and comfortable, as well as convenient, thereby contributing to making the places you are moving through more entertaining.



type-S: a useful means of transportation for pedestrian areas.



type-R: a luxury experience for tourist resorts, etc.

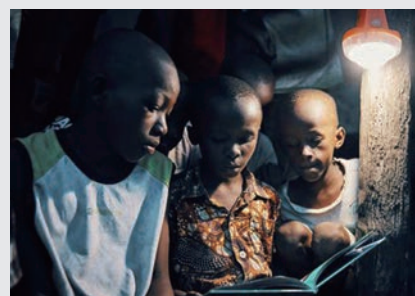
## WASSHA

In August 2019, the Company formed a business alliance with WASSHA Inc. (hereinafter, WASSHA), which provides LED lantern rental services to people in non-electrified areas of Africa.

Mainly in non-electrified areas of Tanzania, WASSHA provides services by partnering with kiosks or sales outlets selling daily necessities, through the installation of solar panels and LED lanterns that can be charged from solar panels in each shop.

Our role is to procure lanterns and other equipment and loan them out to WASSHA. WASSHA aims to expand its business by increasing the number of local kiosk tie-ups and installing the necessary equipment in these kiosks/sales outlets, which they rent from us.

We will make the most of the knowledge and know-how we have accumulated so far in the electricity business to help expand this venture as well as considering the value creation aspect.



Reading a book with the light of an LED lantern



# DX Strategy

## Strategic direction

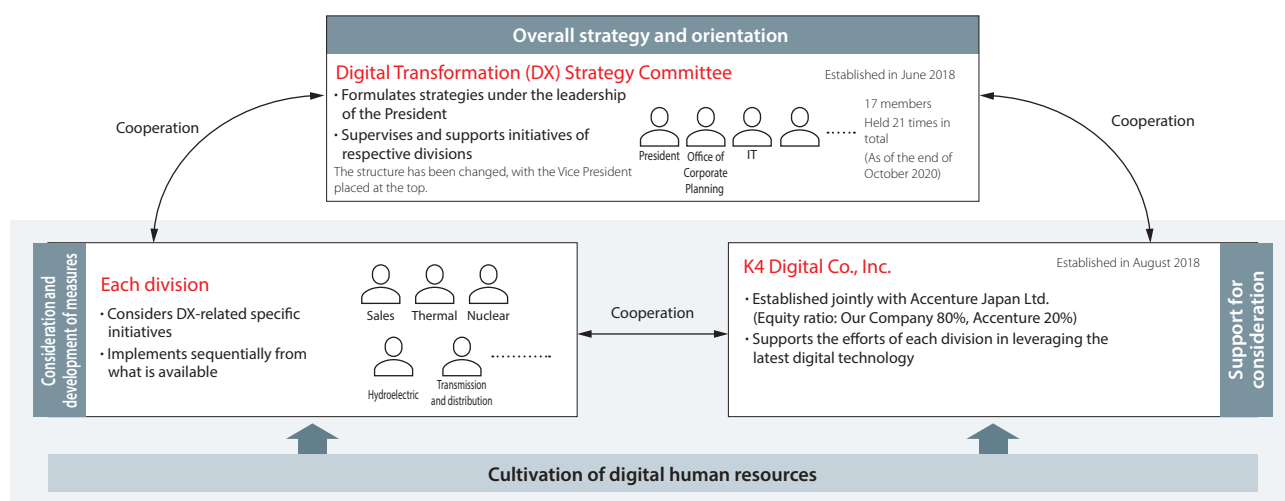
In June 2018, the Digital Transformation (DX) Strategy Committee headed by the President was set up to formulate an overall strategy. Based on this strategy, respective divisions are exploring specific DX-related initiatives and rolling them out sequentially. We established K4 Digital Co., Inc. in August 2018 to draw on our internal and external expertise to support the initiatives of our respective divisions.

In order to promote DX, so-called digital human resources are indispensable – namely people that have specialized knowledge and know-how related to digital technology, such as data analysis and system construction. At our Company, through in-house training and secondment to K4 Digital Co., Inc. and other measures, we are working to

develop human resources with a broad range of digital technologies covering from basic data management to advanced data analysis.

Regarding the current status of the initiatives, projects are underway not only in the operating divisions such as power generation, power transmission/distribution and sales, but also in all divisions including back-office management divisions. As of the end of May 2020, the total number of projects had reached approximately 450.

Going forward, while continuing to develop digital human resources, we will make a concerted DX-related effort including DX-related investments totaling approximately 70 billion yen between fiscal 2019 and fiscal 2021.



### Selected as a Competitive IT Strategy Company for the two consecutive years, first time in the electricity and gas industry

Our efforts in setting up of the DX Strategy Committee and the joint establishment of K4 Digital Co., Inc. with Accenture Japan Ltd. have been highly evaluated, and as a result we have been selected as a Competitive IT Strategy Company by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for the second consecutive year for the first time in the electricity and gas industry.



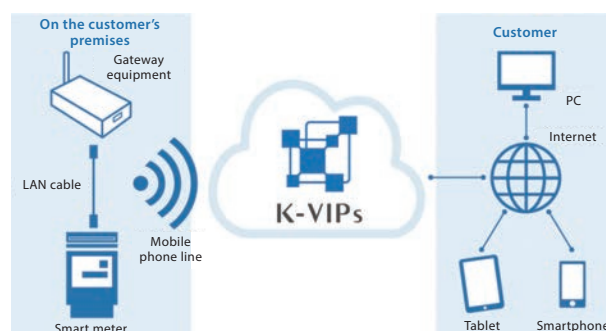
### AI-driven development of automated drift ice/snow detection program at hydroelectric power plants

During the winter, at hydroelectric power plants drift ice and snow may flow into the dam, reducing the water intake and hampering power generation. For this reason, surveillance staff check camera images 24 hours a day and take necessary actions. For the purpose of reducing the burden of these job tasks, we have developed an AI-driven program capable of detecting drift ice and snow from the camera images of the water intake.

### Started operation of integrated platform system K-VIPs that supports the operation of virtual power plants

We launched K-VIPs – the Kanden Vpp Integrated Platform System – an integrated platform that allows checking of demand response implementation status and income/expenditure management for customers who have signed a contract to supply our Company with adjustable power.

This system seeks to add value to customers who have signed the adjustable power supply contract; this system is applied to the capacity market, supply-demand adjustment market, as well as sectors where we expect to see growth, such as our energy resource aggregation business.



# Human Capital Strategy

We use the term human capital to signify that we cherish each and every employee, and that they form part of the Group's capital, seeking to develop an environment in which our employees can maximize their abilities and qualities to play an active role more than ever, through strategies specially formulated for those ends.

## Respect for human rights

### Policies

As part of its CSR Action Principles, our Group has established conduct standards regarding human rights, upholding "Respect for Human Rights and Development of Favorable Work Environment by Taking Advantage of Diversity." We recognize human rights as a common and universal value of a global society, and we are committed to compliance with the laws and regulations of each country or region in which we operate. With the upmost respect given to international norms to protect human rights, we are promoting respect for human rights throughout the supply chain.

With the Promotion Committee for Human Rights Education established at the respective head offices and business activity bases in each region, our Company and Kansai Transmission and Distribution, Inc. formulate basic plans for human rights education for the year to come, as well as confirming how human rights awareness raising efforts and training programs are being implemented. In addition, we share information on various human rights issues and promote initiatives for respecting human rights across the Group.

<Examples of specific efforts>

- Case-based workplace discussions
- Implementation of Human Rights Information Exchange Meetings for group companies

### Personnel development policies

At the Kansai Electric Power Group Academy, we implement capability development measures to empower each employee to be dynamic in their work by willingly taking on challenges to grow, so we can achieve high productivity and growth.

Specifically, we will provide training to foster awareness and change behavior in giving top priority to safety and fulfilling our corporate social responsibility (CSR). Along with that, a system is in place to enhance individual employees' strengths and improve or overcome challenges that require deeper understanding. Furthermore, we will implement personnel development measures to ensure that expertise is handed down to the next generation, as well as improving productivity and creating added value driven by digital technology.

### The "human capital" that we seek

We have formulated "human capital" as the characteristics desirable in employees in order to achieve sustainable growth for the Group.

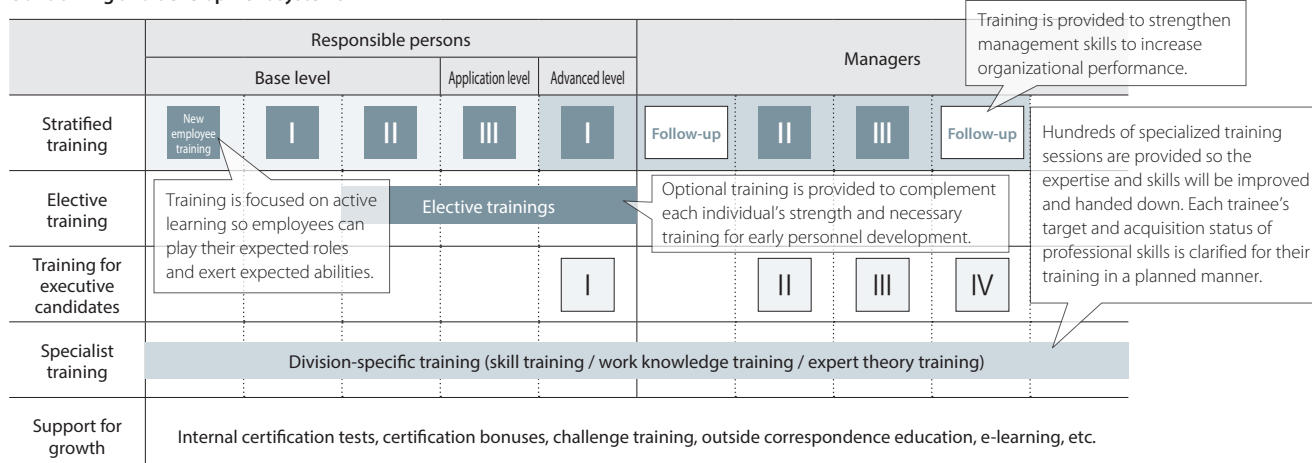


## Human resources development

### Development measures for "human capital" innovation

We established the Kansai Electric Power Group Academy in 2018 and systematized our corporate training and education systems in order to actualize our company belief that "developing human resources is the most important thing for prevailing in a severe competitive environment" along with our Group philosophy of "management that values people."

### Our training and development systems



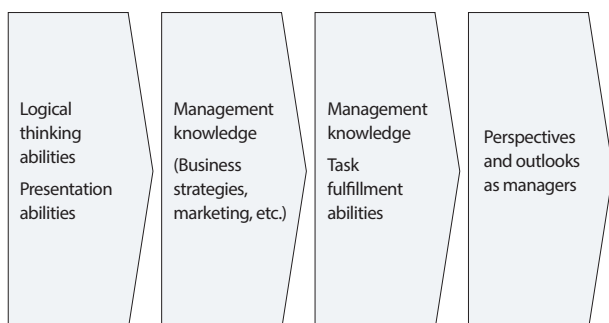
## Support for self-growth

A variety of systems, such as a certification bonus system and education programs for external correspondence, have been put in place as an opportunity to motivate each employee to develop his/her ability and to challenge themselves to grow.

## Next generation leader development

### — Executive management candidate development

We are adopting outside training programs in order to develop early and systematically the next generation of leaders who will drive innovation. We are crossing conventional work divisions and incorporating interactions with different types of work as well as implementing curriculums that always link to business strategies.



## DX personnel development

### — Strengthening expertise that will be a source of competitiveness

For the realization of digital transformation (DX), we are developing DX personnel as key people in their departments to advance efforts to increase productivity and generate added value utilizing digital technologies. Specifically, we are implementing on-the-job training (OJT) as well as “data analysis basic training” and “visualization tool utilization training” at K4 Digital Company and or at each department.

## Adoption of an in-house application system (e-challenge system)

Supporting the independent career development of all individuals, we have implemented an in-house application system that allows employees to take on the challenges of diverse careers and fields. Based on high levels of motivation, they can exercise their abilities to their maximum extents even more than before.

Career challenges	Discover and develop new personnel with the strong motivation to take on challenges in a variety of careers (global business and new business creation, for example)
Dual work challenges	In addition to their original work, participants take on another type of work (specific project work, etc.) during some of their working hours

## Personnel appraisal system

We have put in place a mechanism to carefully assess each employee’s “abilities” and “level of contribution” to our company’s performance and reflect those in their salaries, etc., so our employees will have more willingness to grow and feel even more motivated and rewarded.

Furthermore, we grasp (discover) each individual employee’s abilities and qualities through a series of processes that comprise of training, reassignment and appraisal, so that all the employees can perform at their full potential in various fields.

## Diversity promotion

### Efforts toward achieving our diversity goals

#### Our diversity goals

We established an exclusive organization in 2011 intended for all employees with the goal of raising awareness and promoting behavioral changes in order to promote the advantages of individual differences as one of our strengths. We are promoting initiatives such as workplace training and the periodic release of information intended to forge the power of the individual as an organizational strength.

#### Kansai Electric Power Group Diversity Promotion Policy

1. By respecting the “differences” of each individual and making diverse senses of value and ways of thinking into sources of strength for the organization, we will realize a competitive corporate group that creates new value.
2. We seek to realize workstyles and to cultivate workplace environments that enable everyone to exercise their abilities to their maximum extents, regardless of their personal attributes, including gender and age, or experienced life events.

#### Promotion of employment of persons with disabilities

In 1993 we established Kanden L-Heart Co., Inc. as a special affiliate company, and together with Kansai Transmission and Distribution, Inc.\* (which was split off in April 2020) these organizations encourage employment of people with disabilities. As a result, our employment ratio of workers with disabilities reached 2.6% (as of June 1, 2020), having continuously achieved the legally required ratio (2.2%). In addition, we are opening up a diverse range of job positions where people with disabilities can play an active role, such as office assistant, while bolstering support for those with mental disabilities.

\* Kansai Transmission and Distribution, Inc. has been certified as a special affiliate (as our Group) and therefore is included in the calculation of our employment ratio of persons with disabilities.

#### Initiatives to encourage the further success of female employees

In addition to encouraging continuous contributions to the organization by developing abilities and growing independently through work, we are striving to make environments where people can continue to work enthusiastically even when their lifestyles change. Our Company supports and has signed the Women’s Empowerment Principles, which were created by UN Women and the United Nations Global Compact. We received the “Kurumin” certification in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children and the highest “Eruboshi” certification (third level) in

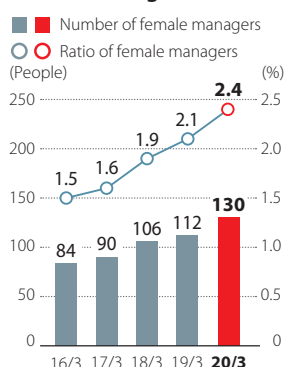
accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace. In addition, we were recognized as a "Leading company for female activity in Osaka City." Moreover, in the selection of "Nadeshiko Brands" instituted jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, we were selected as a "Semi-Nadeshiko Brand."



### Targets for promotion of female employees

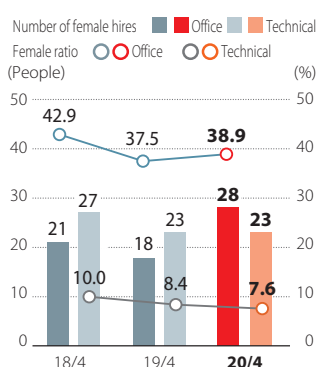
Appointment to managerial positions	By the end of FY 2030, increase the ratio and the number of female managers to more than threefold those of FY 2018.
Recruitment	Achieve ratios of 40% or more for women employed in office jobs and 10% or more for women employed in technical jobs.

#### Number and ratio of female managers \*



(Figures from fiscal year ends)  
 \* Excludes medical staff and transportation staff  
 \* Managerial positions refer to those equivalent to chief clerk and higher.

#### Number and ratio of female hires



(Based on fixed term employment for each fiscal year)

### Promoting the participation of male employees in childrearing and housework

With the aim of increasing male participation in childrearing and housework, we are encouraging male employees and their superiors to take childrearing leave. When the period of childrearing leave begins, the provision allows for seven days of paid leave.

Actual value | **109.0%**

## Promotion of workstyle innovation, health and productivity management

### Efforts in workstyle innovation, health and productivity management

**Establishment of a Health and Productivity Management Declaration**  
 The Company has established a Health and Productivity

Management Declaration with the aim of expressing our unwavering commitment to step up efforts in health management. As part of our Medium-term Management Plan, we are accelerating our efforts in setting goals that each one of our employees shall aim to "master using time well" and "master maintaining good health". Going forward, we will remain oriented toward a workstyle that places weight on value creation whilst enhancing flexibility when it comes to time and place of work, as well as how employees choose to rest, so that they can benefit from self-improvement. Additionally, we will proactively support the physical and mental health enhancement of employees as well as aim to improve the quality of life of each employee and their families.

### Health and Productivity Management Declaration (established in January 2018)

The Kansai Electric Power Company, in order to fulfill our mission, "continuing to serve our customers and communities," will promote the maintenance and enhancement of our employees' physical and mental health as well as the improvement of the quality of their lives by making employees' health one of the pillars on our corporate management. We will also implement working practices which place an emphasis more on value creation than the amount of work time, boost productivity, eliminate longer working hours, promote workplace diversity, and realize dynamic innovation through human-capacity reform to further improve effectiveness of our health management. Based on our belief that we value people, we will continue to promote the advancement of employees' health and contribute to "the realization of a bright and affluent future."

### Developing comfortable workplaces

On the premise that working hours are managed appropriately, a flexible work system is being put in place to clearly delineate efficient working time ("on") from effective rest time ("off"); to this end, we are expanding flextime with no core time across the company, in principle, enhancing a telecommuting system that allows for more flexibility when it comes to times/places of work and encouraging employees to take leave in a planned and meaningful manner.

### Certified as a Health & Productivity Management Outstanding Organization 2020 (White 500)

Having been recognized for our philosophy of "Management that values people" and health measures for employees, our Company has been certified as a Health & Productivity Management Outstanding Organization (White 500) for the fourth consecutive year since 2017.



2020  
**健康経営優良法人**  
 Health and productivity  
 ホホワイト500

### Sustaining stable labor-management relations

We have concluded a union shop agreement with the Kansai Electric Power Labor Union, and have set “company productivity increases accompanied by improved labor conditions” as a shared labor-management goal. Based on strong relationships of trust that we have constructed over our many years of history, we are building good labor-management relations. To keep up these relations, we continue to strive for mutual understanding by holding management panel discussions between labor and management as we operate business.

### Major opportunities for labor-management communication

Management panel discussions	Labor and management promote communication in the corporate management plan, etc. (held annually)
Management Council	Labor and management discuss important matters, such as reorganization (as needed)

### Tackling the novel coronavirus

In order to prevent the spread of the novel coronavirus, the Group has changed its work system so that all employees, in principle, can use staggered working hours, telecommute, or work from satellite offices. We have also introduced IT tools for teleworkers and are facilitating further utilization of telecommuting.

When going to work, we are strictly observing infection prevention protocols such as mask wearing whilst implementing measures to avoid the “Three Cs” – closed spaces, crowded places, and close-contact settings – such as keeping enough space between desks in the office environment.

Since it is expected to take time until the number of infections starts to die down and assuming a transition to society where we coexist with coronavirus, we will strive to achieve both infection prevention and sustainable business activities by considering an internet-driven transformation of how we work.

## Efforts to eliminate industrial accidents

### About the Kansai Electric Power Group Safe Action Charter

Based on the President’s Declaration: “Ensuring safety is my mission, and the mission of the Company” and applying the lessons learned from the Mihama Nuclear Power Station Unit 3 accident, we are continuing with the implementation of safety efforts that put preserving the safety of every person involved in our Group’s business activities first.

Inherent in the beliefs expressed in this declaration, safety first is set as a management criterion in our Management Philosophy. Under the Kansai Electric Power Group Safe Action Charter, we share “our beliefs about safety” as an everlasting group-wide principle to raise awareness of safety. Additionally, by practicing safe actions based on the Safe Action Declaration, we will steadily accumulate achievements in safety and cultivate an unwavering culture of safety.

### PDCA of safety activities

To ensure safety for everyone related with our Company and achieve our unchanged goal, or “zero accidents,” we are working to maintain safe working environments and prevent accidents from occurring and reoccurring through activities that mobilize the capacities of our organization with the full participation of employees. Concretely, as steps to prevent recurrence of accidents we had in the past, we analyze and evaluate the details of accidents that occur each year, have discussions among relevant internal departments including the management, and prioritize items to address on a group-wide basis. We will seek continuous improvement by running the PDCA cycle of safety activities in each fiscal year. We will also share prioritized items to address with our group companies, thereby further enhancing the effectiveness of safety activities.

<Prioritized items in safety activities for fiscal 2020>

- ① Create a safe and secure working environment at each business site.
- ② Make it a habit to think safety and act safely based on danger prediction.
- ③ Promote safety activities based on bilateral communication with subcontractors, etc.
- ④ Practice safe driving behavior by all drivers and passengers as a unified effort of the workplace.

### Specific safety efforts

#### Efforts in safety education and acquisition of knowledge from outside the company

To raise awareness of our employees and protect the colleagues of subcontractors and others, we provide education for each employee to practice autonomous safety activities. In addition, we learn new things throughout our group companies in lectures and in training programs on safety led by external experts, thereby increasing the level of our Group’s safety activities.

As a result of these efforts, our accident frequency rate is lower than the national average.

#### Bilateral communication with subcontractors and others

When the opportunity presents itself, our employees visit equipment construction/maintenance sites and are active in creating and enhancing opportunities to communicate with subcontractors, etc. so that we can deepen mutual understanding and promote safety activities together. By proactively facilitating bilateral communication, we are striving to raise safety awareness and reduce the risk of accidents.



## Business Segments

## Comprehensive Energy Business

Koji Inada

Director  
Representative Executive  
Officer, Vice President



## Overview

We seek to establish a solid position as a leading company in the energy sector in Japan by expanding our reach from existing electricity and gas businesses to encompass new energy businesses with utilizing the technological expertise and other assets we have cultivated, and by accelerating efforts toward overall optimization as a comprehensive energy business.

## Electricity supply

As we work to lower the carbon intensity of the electric power supply with nuclear power and renewable energy sources as our two wheels, we aim to create a power structure with a good S+3E\* balance. Moreover, we will provide customers with a wide range of “safe, comfortable and convenient” as well as economical energy services.

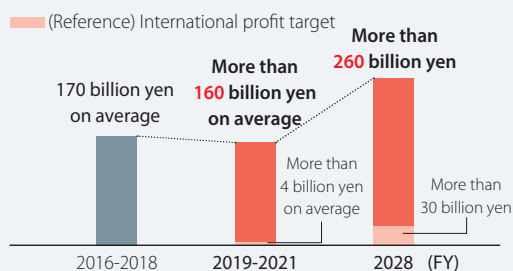
\* Safety + Energy security, Economy and Environmental conservation

## Gas supply

In addition to industrial and commercial facility customers, we have been selling city gas to households, retail stores and other customers since April 2017. As we provide such services as these that meet the needs of our customers, we are securely implementing gas safety maintenance services as well.

## Medium-term Management Plan Targets

## Ordinary Income (Comprehensive energy\*, Transmission and Distribution business)



\* Comprehensive energy business, engineering solution business and overseas power business

## Business environment

- The supply-demand structure is changing, triggered by advanced energy saving and the massive introduction of renewable energy power sources, while competition among businesses intensifies due to market liberalization.
- The social momentum toward decarbonization and the emergence of new markets may create new values in electricity.
- Advanced technologies (digitalization, etc.) and diversifying social needs may lead to new services.

## Medium-term Management Plan Strategies

## What we aim to become in the future

We will accelerate our efforts toward the optimization of our comprehensive energy business as a whole and seek to establish our solid position as a Japan's leading company in the energy sector.

## Efforts (3-year Medium-term Management Plan)

- Promote cost restructuring that utilizes digital technologies to the maximum extent
- Strive to reduce carbon in power supplies (nuclear power and renewable energy sources)
- Strengthen sales strategies that contribute to increasing profits in consideration of factors including the competitive environment
- Create new services using digital technology and improve usability for customers





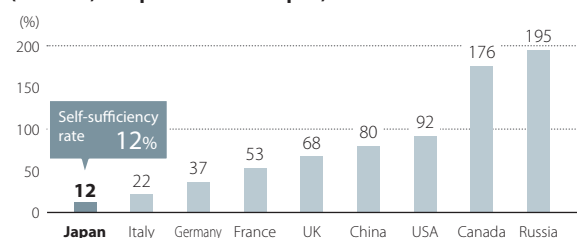
## Performance for fiscal year 2019

### Diversified power sources to ensure stable supply

#### Energy risks faced by Japan

Japan's energy self-sufficiency rate is around 12%, including nuclear power generation, which is a very low value compared to major countries in the world. For most of its fossil fuel needs, Japan must rely on imports. Since energy resources on the earth are not inexhaustible, stably securing energy resources is a top-priority issue for Japan. For continued stable supply of energy in the future, it is vital to combine various power generation methods in a well-balanced manner, while not relying on only a single power generation method.

#### Energy self-sufficiency rates of major countries (for 2017, except FY 2018 for Japan)

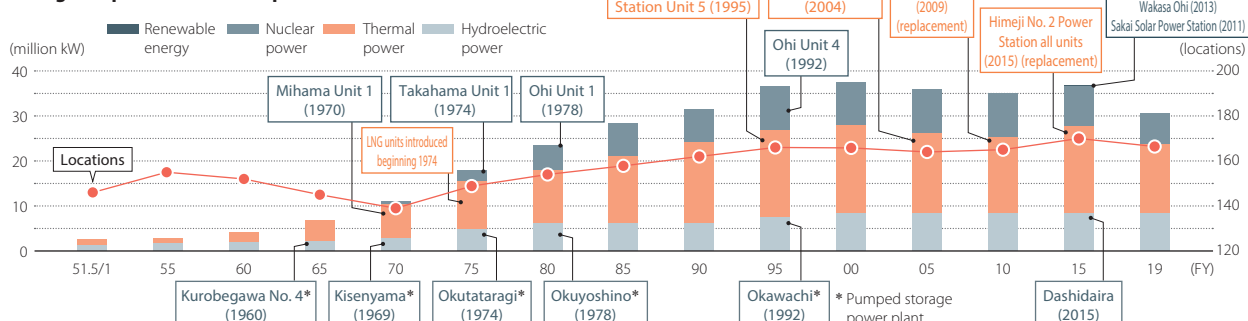


Source: "Consensus document on nuclear power", Federation of Electric Power Companies of Japan

### Facility configuration based on S+3E

In order to fulfill our mission of delivering high-quality and economical electricity to our customers, we seek to realize S+3E whereby Safety (S) is our top priority whilst seeking to simultaneously achieve Energy security, Economy and Environmental conservation (3E). As a leading decarbonization

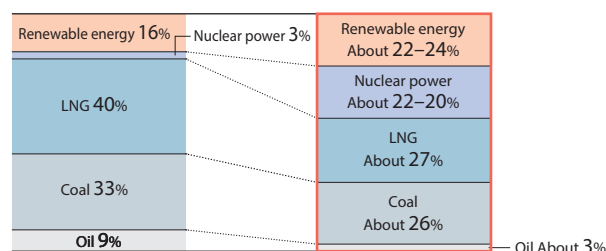
#### Changes in power source composition



### Energy mix

In July 2015, the government established a long-term energy supply and demand outlook (energy mix) that expresses how energy supply and demand should be in Japan for fiscal 2030. Furthermore, the 5th Strategic Energy Plan formulated in July 2018 unveiled the government's intention to further step up efforts to ensure the realization of this energy mix. As for the power supply composition, nuclear power is specified to have a fixed ratio of 20–22%, and 22–24% is indicated for renewable energy.

#### Fiscal 2030 energy mix

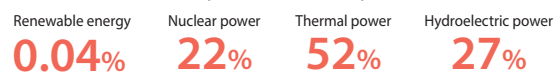


FY 2017  
(Power composition following the Great East Japan Earthquake)

Source: "Energy of Japan 2019", Agency for Natural Resources and Energy, the Ministry of Economy, Trade and Industry

company, we will accelerate our efforts focused on both nuclear power and renewable energy.

#### Power generation facility capacity ratio by power source (End of fiscal 2019)



## Approach for stable fuel procurement

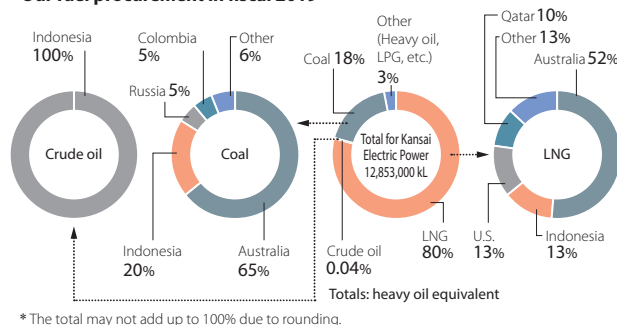
We place a premium on safe, cost-effective and flexible procurement of thermal power generation fuel while diversifying procurement sources, offering flexible pricing options and seeking alliance opportunities with other companies.

As part of these efforts, we aim to expand our business operations, focusing on upstream (stake acquisition) and middle-steam (transportation) operations in the LNG value chain. Fossil fuel faces a variety of problems, such as concentration in certain regions and political instability in the producing countries.

In order to procure fossil fuels stably, economically and flexibly, our

Company is involved in every stage from fuel production to receiving. We also work to diversify procurement sources and pricing formula.

### Our fuel procurement in fiscal 2019



## Enhanced spot trading for agile LNG procurement and sales

In an effort to deal with demand fluctuations, KE Fuel Trading Singapore Pte. Ltd., which was established in April 2017 to secure the procurement of LNG and expand our sales network, plays a pivotal role in extending our information gathering network based in Singapore, which is the LNG trading hub in the Pacific region.

The role of KE Fuel Trading Singapore includes timely gathering of information such as spot LNG trading and establishment of flexible LNG procurement/sales systems.

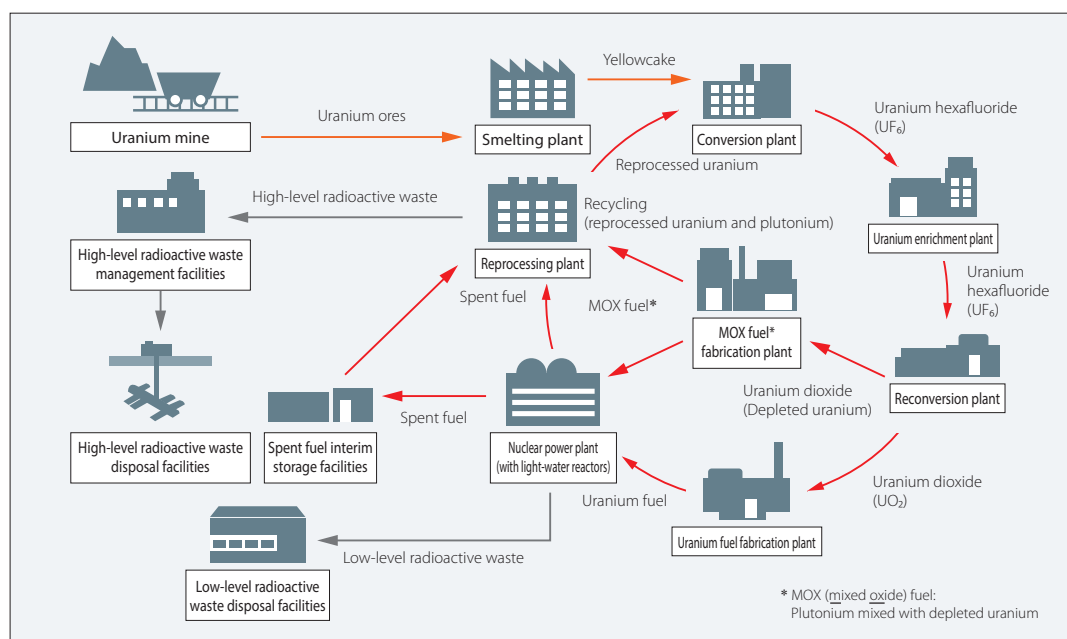


## Developing a full-scale nuclear fuel cycle

### Nuclear fuel cycle

Uranium, a fuel for nuclear power generation, is produced in politically stable nations, which enables a stable supply. It can also be a "semi-domestic energy resource" mainly because a

small amount of uranium is required for long-term power generation and spent fuel can be reprocessed and used again as fuel. Promotion of the "nuclear fuel cycle," a cycle of re-using uranium and plutonium out of fuels used at nuclear power plants, is a practical way to effectively use energy resources and secure stable energy for Japan, a resource-poor country.



Source: "Nuclear Power and Energy Drawings", Japan Atomic Energy Relations Organization

### Recyclable fuel storage center

Spent fuels are stored in a spent fuel pool inside power stations for a certain period of time and then transported to a reprocessing plant. In case the pool is filled to capacity, the power station cannot be operated. For this reason, spent fuels have to be taken out in a planned manner. Installation of a recyclable fuel storage center (interim storage facility), in which spent fuels are temporarily stored, enables the stable operation of power plants into the future. Our Company prepared a "Plan to promote measures for spent fuel" in 2015, and we are working as a unified company on efforts toward obtaining sites and promoting understanding about the necessity and safety of it widely among the public in power consuming areas.

## Initiatives prioritizing safety at nuclear power plants

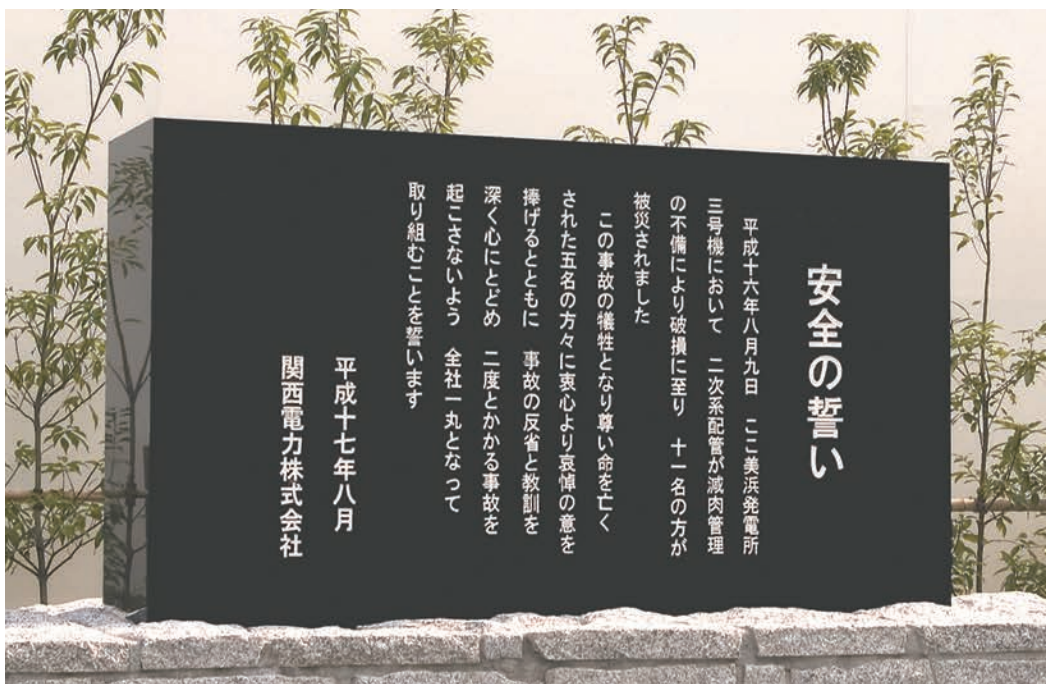
### To prevent the lessons of the Mihama Nuclear Power Station Unit 3 accident from fading away

On August 9, 2004, an accident involving the rupture of secondary system piping occurred at Mihama Nuclear Power Station Unit 3. Based on the President's Declaration "Ensuring safety is my mission, and the mission of the Company," we have strictly implemented recurrence-prevention measures, with a firm determination that we shall never cause such accidents. The Nuclear Power Division has established Five Basic Principles as preventive measures that form part of our quality policy concerning the operation of nuclear power businesses with safety as the top priority. These measures are revised as necessary for safety improvement purposes. Making every August 9th our "Safety Vow Day," every employee observes a moment of silence. We are working to cultivate a safety culture in order to implement business management with safety as the top priority and prevent the lessons of the Mihama Nuclear Power Station Unit 3 accident from fading.

### Commitment to enhancing nuclear safety

In response to the accident at the Tokyo Electric Power Fukushima Daiichi Nuclear Power Station, we established our Commitment to Enhancing Nuclear Safety, which clearly states our idea about nuclear power safety, as a company proclamation that is one of our most important company rules. The company proclamation underlines our determination to constantly improve safety in nuclear power generation, whereby all executives and employees fully understand the characteristics and risks of nuclear power generation and always remind themselves of the potential magnitude of an accident, with the President playing a leading role in making company-wide efforts to protect local communities, society and environment.

<b>Preface</b>	Every one of us shall remember the lessons learned from the Fukushima-Daiichi nuclear accident and ceaselessly strive to enhance nuclear safety to protect the people not only in the plant-hosting communities but also the whole country, and to preserve the environment.
<b>Characteristics of nuclear power generation and risk awareness</b>	Nuclear power generation has superior characteristics in terms of energy security, prevention of global warming and economic efficiency, and is an essential power source for the future. On the other hand, nuclear power generation has risks of radiation exposure and environmental contamination. Every one of us shall always bear in mind that once a severe accident happens due to lack of proper management, it could cause enormous damage to the people and the environment.
<b>Continuous removal/reduction of risk</b>	To enhance nuclear safety, we shall fully understand the characteristics and risks of nuclear power generation and continually remove or reduce such risks while identifying and evaluating them, never believing at any moment that we have reached the goal of ensuring safety. These efforts shall be conducted at each level of the Defense-in-Depth.
<b>Development of safety culture</b>	Safety culture is the basis for continuously removing or reducing risks. Since the accident of Mihama Unit No. 3, we have been reviewing and improving our safety culture, and we shall develop such safety culture. To this end, we shall always be ready to question anything, learn from others and listen to the voices of society and discuss issues uninhibitedly while respecting diverse opinions with further efforts.
<b>Commitment to enhancing nuclear safety</b>	Enhancing nuclear safety is the overriding priority in the company. It is also important to promote two-way communications with the people in the plant-hosting communities and the whole country, and to share common perceptions on nuclear safety. Under the President's leadership, every one of us shall work together to tirelessly enhance nuclear safety.



### Safe and stable operation of power plants

We will continue to safely and carefully operate and maintain our nuclear power plants, thereby ensuring the safe and stable operation of Units 3 and 4 of the Takahama Nuclear Power Station and the Ohi Nuclear Power Station, each of which has resumed operations.

### Preparing for operation beyond 40 years

Nuclear power – a well-balanced energy source contributing to 3E (Energy security, Economy and Energy conservation) – is essential in resource-poor Japan. As a result, nuclear power generation should be maintained at a certain level to ensure energy security and develop technical/human resources, whereby accident-proof nuclear power plants can be operated for over 40 year-spans. Therefore, we will be making the most of our nuclear power plants, placing a premium on their safe operation.

We are undertaking face-to-face communication, including power plant tours by the Nuclear Power Division and explanations in various locations to deepen public understanding about the operation of our plants beyond 40 years. We will continue to promote active communication with people in the communities including those who live near our facilities.



Takahama Nuclear Power Station Units 1 and 2 containment vessel upper shield installation work

### Reliable decommissioning processes

#### Decommissioning status of Mihama Nuclear Power Station Units 1 and 2 and Ohi Nuclear Power Station Units 1 and 2

Decommissioning is conducted in four stages, which all together takes a total of about 30 years. While Stage 1 (dismantling) is underway, proper measures are in place for safe decommissioning.

Radioactivity investigations and the dismantling of equipment in turbine buildings are underway at Mihama Nuclear Power Station Units 1 and 2, along with system decontamination and the dismantling of equipment in turbine buildings at Ohi Nuclear Power Station Units 1 and 2.

### Voluntary efforts to enhance nuclear safety

Learning lessons from the accident at Mihama Nuclear Power Station Unit 3, we place a premium on nuclear safety. Specifically, the accident at Tokyo Electric Power's Fukushima Daiichi Nuclear Power Station made us aware that our understanding and preparedness for risks unique to nuclear

power generation were not necessarily sufficient. We, therefore, established a roadmap to "step-up voluntary/continuous efforts to improve nuclear safety," based on which various measures are being implemented.

### Safety improvement activities

#### Promoting safety improvement measures

Large-scale renovation work is underway at Mihama Nuclear Power Station Unit 3 and Takahama Nuclear Power Station Units 1 and 2 to deliver over 40 years of safe operation.

Examples of construction work to improve safety:

- Large equipment, pumps and piping are being replaced while central control panels are being upgraded to their digital counterparts to enable timely and accurate monitoring and operation.
- Earthquake-proof steel-framed concrete gantries\* were set up at Mihama Nuclear Power Station Unit 3, preparing for a possible collapse of the hill nearby, which could damage the reactor building, access routes, etc.

\* Access platforms for reactor containment vessels, etc.

#### Boosting the accident response capacity

Comprehensive disaster drills are conducted at all nuclear power plants as a precaution in the event of a nuclear disaster, with efforts underway to strengthen our capacity to respond to accidents. Specific improvements are being made – based on lessons learned from previous drills – to prevent, in a timely and accurate manner, the spread and expansion of damage caused by accidents.

There are also programs to develop leadership capacity in preparation for an emergency. One such example is the TAIKAN training program\*<sup>1</sup> conducted at the Takahama Nuclear Power Station and the Ohi Nuclear Power Station. The program is designed to develop communication skills and decision-making capacity under stressful conditions so that plant task force leaders can control and guide subordinates in an appropriate manner in the event of a serious incident.

Efforts to improve our capacity to deal with nuclear disasters also include cooperating with and participating in disaster drills jointly conducted by the five power companies\*<sup>2</sup> in West Japan.

Examples of drills:

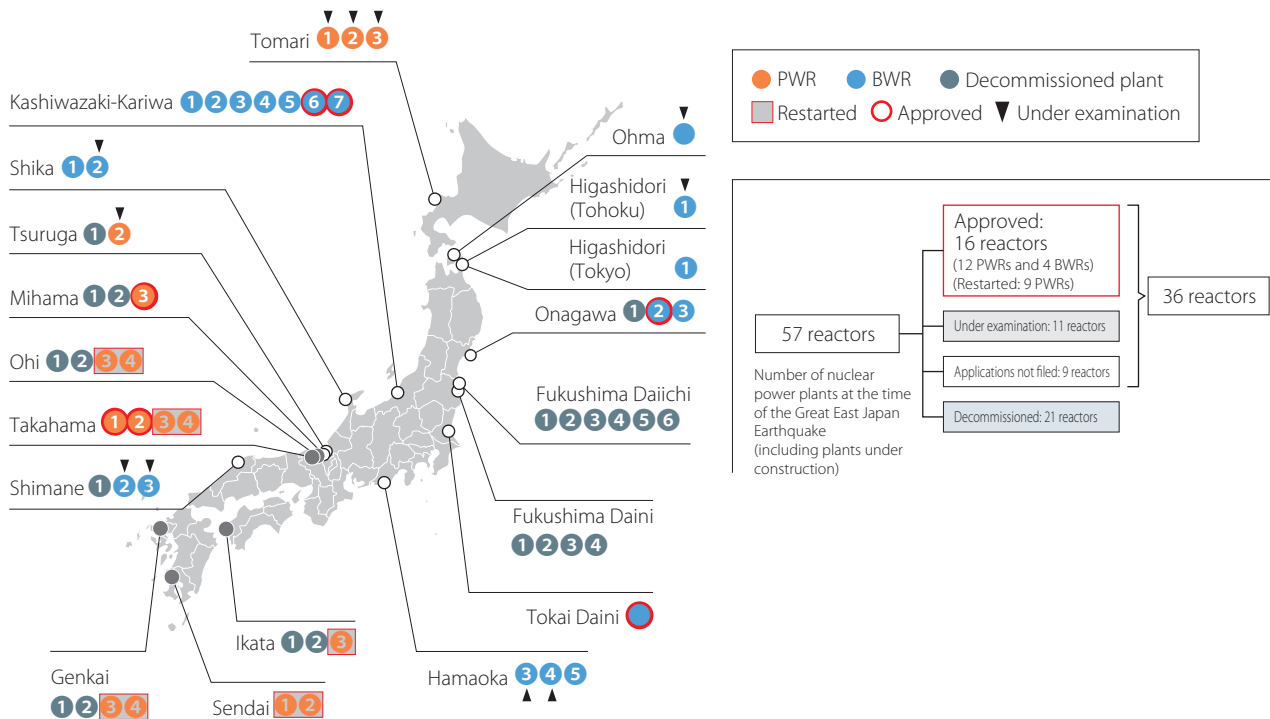
- The five companies jointly conducted a logistic support drill at the Chugoku Electric Power's Shimane Nuclear Power Station.
- Support staff were dispatched to cooperate with municipalities and conduct review inspections at the time of evacuation.
  - Training programs and disaster drills including one organized by the national government with Tottori and Shimane Prefectures, along with drills organized at the prefectural government level by Ehime, Ishikawa and Kagoshima, with Saga, Fukuoka and Nagasaki Prefectures holding a joint drill.

\*<sup>1</sup> Developed by the Institute of Nuclear Safety System, Incorporated (INSS).

\*<sup>2</sup> Hokuriku Electric Power Company, our Company, the Chugoku Electric Power Co., Inc., Shikoku Electric Power Co., Inc., and Kyushu Electric Power Co., Inc.



## Status of nuclear power plants and new regulatory requirements throughout Japan (as of October 31, 2020)



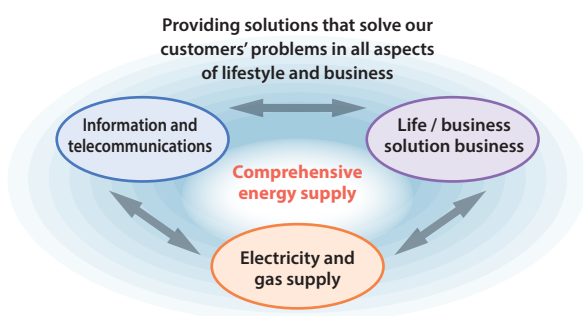
## Providing services as a consolidated group

### Aiming to be “the best partner in daily life and in business”

Our Group has been meeting the various demands of our customers and society by offering total solutions that combine our services, including comprehensive energy supply which is mainly offering electricity, as well as telecommunications, daily life and businesses.

Along with the global trend of electrification, the demands of our customers and society are becoming increasingly diverse. In order for the services offered by the Group to continue to be selected by customers, we will continue expanding the scope of our services in addition to our existing push toward “total electric conversion” and our provision of electricity and gas as a combination. From the standpoint of our customers, we will offer a wide variety of “safe, comfortable and convenient” as well as economical energy services. The Group has cultivated engineering as our core strength, and by leveraging this core strength we have committed to providing

### Business areas for strong growth



solutions that solve our customers' problems in all aspects of lifestyle and business. By providing these solutions we will play a role that exceeds our customers' expectations.

### Services for residential customers

In addition to “total electric conversion” that realizes a comfortable and convenient lifestyle, since February 2018 we have offered a new plan that combines our electricity and gas services.

We also offer services that are helpful for our customers' daily lives, including a service to dispatch support personnel to customers experiencing problems, such as a sudden power outage, as well as a points program through which points are earned according to the amount of energy usage.

As a comprehensive energy company, we will promote initiatives that satisfy our customers.

### Services for corporate customers

Our Group promotes a variety of services, providing optimal energy systems and management methods designed to meet individual customer needs and help reduce energy consumption, costs, and CO<sub>2</sub> emissions.

## Business Segments

## Transmission and Distribution Business

Yoshihiro Doi

President and Director  
Kansai Transmission and  
Distribution, Inc.

## Overview

With the Electricity Business Act revised in April 2020 to further ensure the neutrality of the transmission and distribution business, the general power transmission and distribution operations of the Kansai Electric Power Company were spun off and integrated into the newly established Kansai Transmission and Distribution, Inc.

At Kansai Transmission and Distribution, Inc., we manage power grids while planning and constructing transmission, transformation and distribution facilities to deliver electricity to customers. Specifically, committed to being neutral and fair, we are delivering safe, stable and low-cost electricity to all customers and providing reliable and secure power grid services, which contributes to the development of local communities.



## Business environment

- Efforts should be stepped up to promote the mitigation of and resilience to disasters in order to maintain a safe and stable electricity supply, with typhoons and earthquakes occurring frequently and in light of the Nankai megathrust earthquake, which is expected to strike Japan.
- As social challenges emerge, such as an aging society (with a declining population due to falling birthrates) and aging infrastructure, massive amounts of renewable energy should be introduced while keeping up with changes in the business environment (e.g., progress in digital and storage battery technologies).

Medium-term  
Management  
Plan StrategiesEfforts  
(3-year Medium-  
term Management  
Plan)**What we aim to become in the future**

In addition to continuing to guarantee neutral and fair transmission and distribution businesses and provide customers with safe and stable power at low cost, we will create new services and advance together with local communities.

**To make efforts to “strengthen management foundations” in order to continuously provide “safe,” “stable” and “affordable” electricity**

- Build resilience through discussions with the Typhoon No. 21 Response Verification Committee, the Organization for Cross-regional Coordination of Transmission Operators, etc.
- Respond properly to aging facilities
- Accelerate cost restructuring by utilizing digital technology
- Develop structures and mechanisms looking ahead to spin-offs and the realization of our Medium-term Management Plan

**To make efforts to “increase business opportunities” looking ahead at medium and long-term environmental changes and growth opportunities**

- Develop facilities ahead of next-generation transmission & distribution (Maximum utilization of existing facilities and decentralization efforts, etc.)
- Accelerate efforts to create new business utilizing technology and know-how
- Carry out overseas consulting business continuously, and facilitate human resource development and mechanisms for promoting overseas business



A drone taking off with a cord



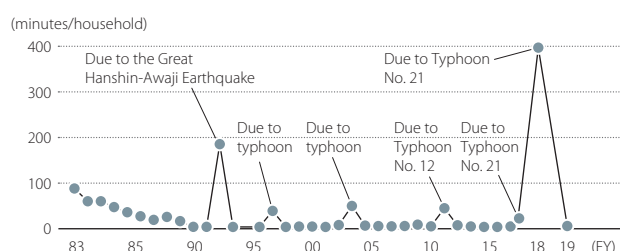


## Performance for fiscal year 2019

### To provide high-quality electric power

We at Kansai Transmission and Distribution, Inc. work to operate power systems that provide a reliable link between power plants and consumers and optimize the configuration of facilities. We are also making thorough efforts to prevent failure recurrence. As a result of our efforts, with the exception of major natural disasters, we are maintaining one of the world's highest power quality levels in the transmission and distribution business.

#### Annual duration of power outage per household



### Achieving electricity resilience

On September 4, 2018, the powerful Typhoon No. 21 ripped through the Kansai area, causing breakages totaling more than 1,300 utility poles and a power outage affecting roughly 2.2 million households in total. We apologize to our customers for the inconvenience and trouble caused by the extensive and long-term power outage.

Following the damage caused by Typhoon No.15 and Typhoon No.19 during the 2019 season, the Electricity Resilience Working Group\* compiled verification results in January 2020 regarding our response to these emergencies. Based on these results, we have created a cooperation plan to be used in an emergency with the aim of fulfilling our power supply obligations through successful restoration of the power supply. This plan specifies cooperation with general power transmission and distribution business operators and related organizations (local governments, Self-Defense Forces, etc.) in the case where significant damage has been caused, or may be caused, to power transmission and distribution equipment in an emergency. We will continue to step up our efforts for quick recovery in the event of an emergency.

By addressing issues presented by the Electricity Resilience Working Group, which have been discussed nationwide, and sharing the lessons learned from Typhoon No. 21, we are

determined to fulfill our mission of supplying safe and stable electricity and supporting society. To that end, we will develop and introduce new technologies and new construction methods, as well as systematically maintaining or replacing aging equipment, aiming for prevention of accidents and prompt restoration of the power supply.

\* Joint working group set up under the Basic Policy Subcommittee on Electricity and Gas of the Advisory Committee for Natural Resources and Energy, and the Electric Power Safety Subcommittee of the Industrial Structure Council.

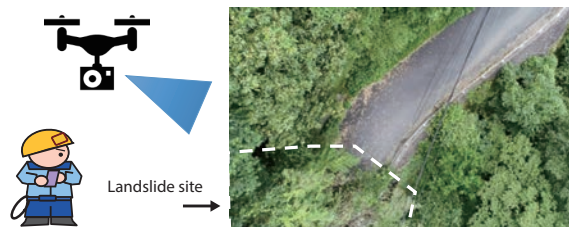
#### Examples of measures taken following Typhoon No. 21

- Quick information gathering using smartphones
- Understanding the scope of damage using drones; using this information for restoration work
- Trial operations of power outage information collection utilizing smart meter data
- Bolstering a broad support system inside and outside the company
- Timely provision of information to the customer on power outages and restoration work

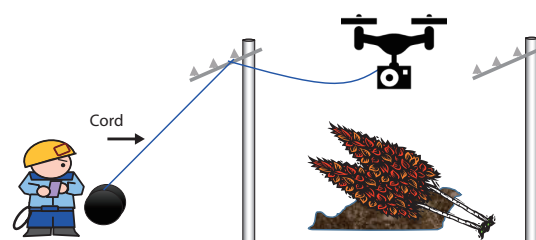
#### Understanding the scope of damage using drones; using this information for restoration work

In places that are difficult to access, such as a site following a landslide, we use drones to check the status of equipment so we can quickly grasp the whole picture.

Drones are also expected to be used in restoration work, for example, using a drone for overhead wiring of a cord to replace power lines.



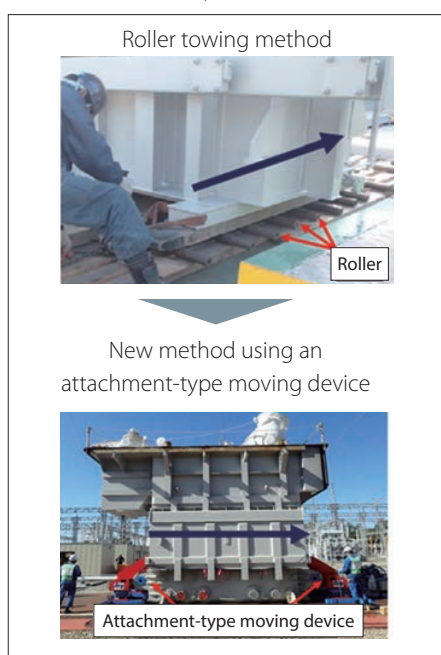
Damage investigation by aerial drone video



Using a drone for overhead wiring of a cord to replace power lines

### Introduction of a new system for renovation work for aging facilities

<Adoption of new method (attachment-type moving device) to remove 500-kV No. 4 transformers at the Shigi Substation>  
When replacing large equipment, such as transformers, on substation premises, the roller towing method is generally adopted for the transportation. Recently, we have adopted a new method which uses an attachment-type moving device. Compared to the roller towing method, it enables shorter working hours and reduces the risk of accident (injury from falling heavy objects, physical injuries when inserting rollers, etc.), and this new approach is expected to be adopted as an option for transporting large equipment. We will continue to adopt new technologies and methods to ensure safe operations.



we provide information on disasters and how we can be prepared, as well as carrying out activities to raise awareness on disaster mitigation in local communities.

### Strengthening our disaster response system

We are enhancing our response systems to prepare for rapid initial response upon the occurrence of disasters. This includes the designation of individuals who arrive at the workplace early and night watches by initial response supervisors, along with the implementation of special training for individuals and supervisors in charge of initial response several times a year.

Moreover, with the President of the Kansai Electric Power Co., Inc. serving as Chief of the Emergency Headquarters, group-wide comprehensive disaster drills are conducted every year and these drills see full collaboration between the Kansai Electric Power and Kansai Transmission and Distribution, Inc. We are committed to improving our disaster response skills and raising disaster awareness, not only to prepare for the occurrence of the Nankai Trough Earthquake but also with consideration for severe incidents such as the simultaneous occurrence of a nuclear power disaster or during occasions when the balance of power supply and demand is tight.

In the event of a major disaster, employees will be notified of any information pertaining to the disaster at the same time. Furthermore, we have established action standards so that we can build a response system promptly after a disaster occurs, even on holidays or during the night.

**Number of participants in company-wide comprehensive emergency response drills**  
Company-wide comprehensive emergency response drills (fiscal 2019)

**908**

### Response to extremely severe natural disasters

In recent years, natural disasters have become increasingly severe. Based on what we learned from Typhoon No. 21 that hit in 2018, we established the Typhoon No. 21 Response Verification Committee to ensure an even more appropriate and robust response. From the perspective of rapid restoration of power supply following power outages, customer service and cooperation with local governments, we have implemented measures to cope with large-scale disasters.

Looking specifically at rapid restoration of power supply following power outages, we utilized drones and other new technologies to gain a timely and efficient grasp of the extent of damage to equipment. We also sought support and cooperation from not just internal sources but also from our subcontractors and other general power transmission and distribution utilities, in order to strengthen the restoration work system.

Regarding customer service, we have newly introduced a Power Outage Information App, an AI-driven automated power outage information response service, and an automated information portal that utilizes a scenario-based chatbot, with the aim of disseminating power outage information and diversifying information channels. Our support system in the event of a massive blackout has also been strengthened. As part of such efforts, in collaboration with other general power transmission and distribution utilities, we have established new

## Our efforts toward disaster mitigation

### Preparing for a major disaster

To ensure the safety of our employees and their families and to fulfill our responsibilities of providing a stable supply of electricity and gas, we promote disaster mitigation initiatives that will strengthen facilities to withstand various natural disasters. We have also put in place a disaster control system to enable rapid recovery. Particularly, in the event of the Nankai Trough Earthquake, a megathrust earthquake which is feared to hit in the future, we will follow the basic plan for mitigating disaster announced by the Japanese government and take carefully planned disaster response and recovery measures in place.

Considering the damage caused by typhoons that occurred more frequently in recent years, including Typhoon No. 21 in 2018, we also implement various disaster mitigation measures, utilizing the lessons learned from past disasters.

In addition, through disaster mitigation events and lectures,

Transmission and Distribution Contact Centers in Aomori City and Sapporo City to answer inquiries regarding power outages and power transmission and distribution equipment.

In cooperation with local governments, we have reinforced our cooperation through prior discussions and concluding agreements on the removal of fallen trees and other obstacles, as well as mutual confirmation of which facilities are to be restored as a priority.

Additionally, based on the lessons learned from past natural disasters, we developed an emergency collaboration plan designed for mutual support and cooperation in an emergency situation. Working together, 10 general power transmission and distribution utilities jointly submitted this plan to the Ministry of Economy, Trade and Industry.

Going forward, we will continue to share lessons learned for the future as well as steadily implementing these efforts to build a more robust business foundation to ensure safe and stable electricity and gas supply.

### Strengthening collaborative ties with concerned external organizations

Even in times without disasters, we are working to build relationships with governments, police and fire departments and other concerned external organizations as well as other electric power companies in order to enable smooth mutual cooperation during times of emergency and restore electric and gas service as quickly as possible. Specifically, we proactively participate in disaster response training sessions and programs held by local governments, designated public corporations and the like. In collaboration with the Japan Ground Self-Defense Force and Japan Maritime Self-Defense Force, we periodically carry out joint drills based on standing agreements for mutual cooperation in disaster preparedness and prevention.



Joint disaster drill with Japan Maritime Self-Defense Force Maizuru Regional Headquarters in March 2020

### Contribution to raising awareness of disaster mitigation in local communities

We run booths at disaster drills and events held by local governments, and carry out activities to raise awareness of disaster mitigation using our Disaster Preparedness Handbook as well as through experience of operating seismic breakers.

Moreover, for a wide range of generations, from students to neighborhood associations, we create opportunities to explain what damage and disruption could be expected following a Nankai Trough Earthquake, as well as the damage caused by disasters in recent years, and our routine preparations. Through these efforts, we contribute to promoting understanding of

the importance of disaster response and preparedness.

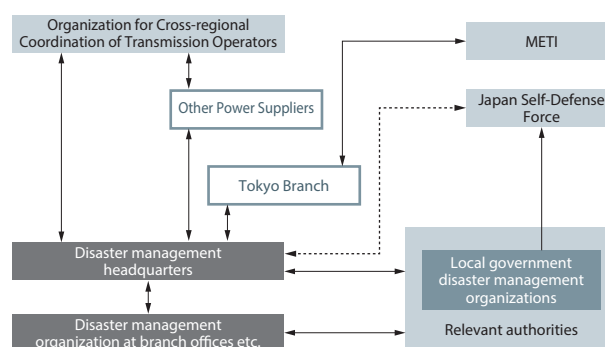
### Disaster response after company spin-off

Even after the unbundling of the transmission and distribution sector required by law that was implemented in April 2020, in the event of a large-scale disaster such as the Nankai Trough Earthquake, the Company and Kansai Transmission and Distribution, Inc. will be united to respond to the disaster and continue to fulfill our responsibility of providing a stable electricity and gas supply.

- Disaster Preparedness Handbook  
Disaster Preparedness Handbook is disclosed on the websites of the Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc. It will help with disaster mitigation efforts in the home.



### Emergency system for communicating with relevant authorities



### Dispatching a restoration support team to other electric companies

In September 2019, after the damage caused by Typhoon No. 15, the Group dispatched a support team to restore electricity upon the request of TEPCO Power Grid. Specifically, we sent equipment such as high- and low-voltage generators, as well as personnel for recovery and logistics work in the afflicted area, Shirako in Chiba Prefecture. For 17 days, we offered our full cooperation to the restoration work of the TEPCO Power Grid. We will continuously and proactively cooperate in responding to natural disasters that occur in other areas to fulfill our responsibility of providing a stable electricity supply.



Emergency power transmission with high voltage power generators (Image is for illustrative purposes.) (April 2016)



## Business Segments

## Overseas Power Business

Mikio Matsumura

Executive Vice President



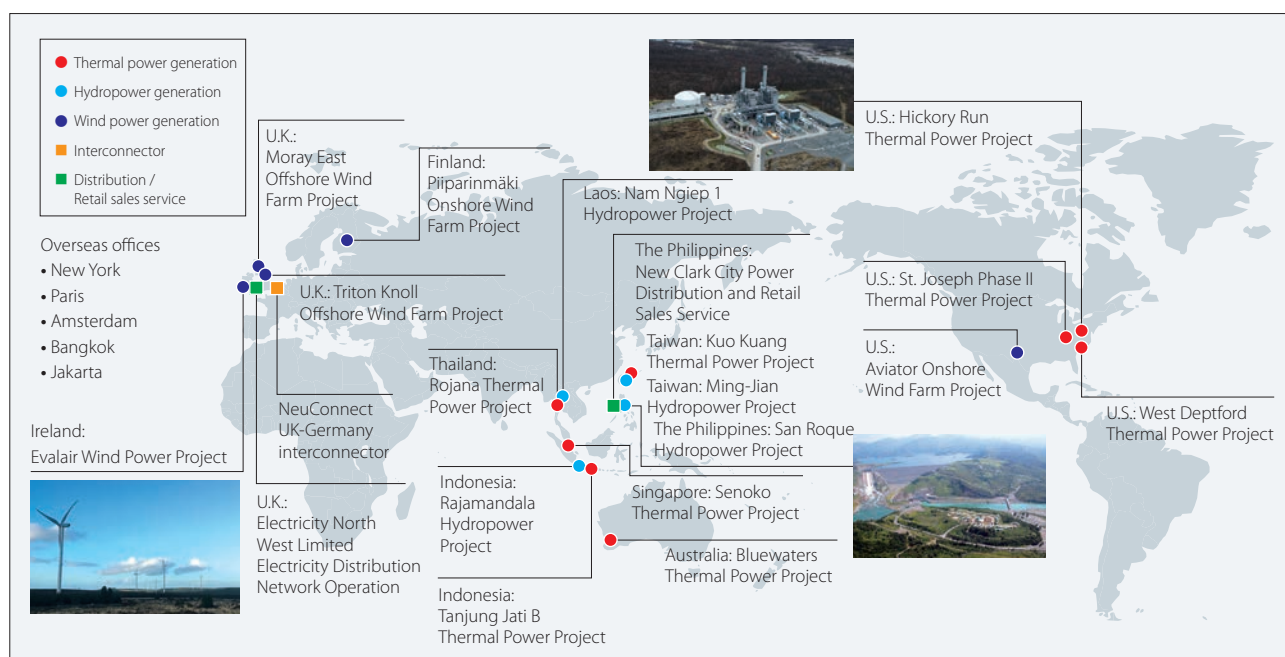
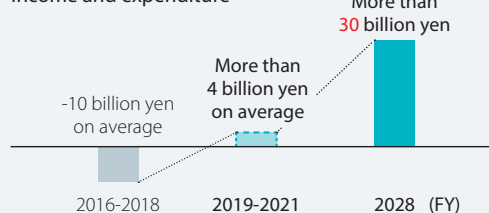
## Overview

We have participated in a total of 20 projects in the domains of power generation, transmission and distribution across 12 countries. Our first international project was in 1998 when we took part in the San Roque Hydropower Project located in the Philippines. This made us the first Japanese utility to enter into the international (IPP) business arena.

Utilizing our five overseas bases including Bangkok, New York and Amsterdam, we aim to expand our global power business so it can continue to grow into a key cornerstone of the Group's overall earnings.

## Medium-term Management Plan Targets

## Income and expenditure



## Business environment

- While competition in overseas electric power market is accelerating, there is also a growing awareness toward ESG-focused business as well as the setting and attainment of SDGs. This growing trend is expected to stimulate growth in low-carbon power sources, providing opportunity for us to utilize our technical expertise and experience, including in the realm of digital technologies and deregulated business.
- Additionally, we intend to focus on development of human resources through On the Job Training in foreign countries as well as the formation of positive alliances with other companies in which each party is able to exercise their respective competitive advantages. This is seen as key in order to expand and diversify our international business portfolio.

## Medium-term Management Plan Strategies

## What we aim to become in the future

Our goal is to continue expanding our portfolio globally, building strong connections and relationships in the various countries where our projects are located. In this way, we aim to continue creating high added-value in our global development and operational portfolio with swift and accurate response to trends in the world-wide energy market.



Rajamandala Hydropower Project in Indonesia



Nam Ngiep 1 Hydropower Project in Laos

#### Efforts (3-year Medium-term Management Plan)

- Acceleration of efforts to increase profitability by building stable revenue sources such as projects with long-term PPAs and participating in projects from the initial development stage.
- Generation of large profits during and beyond the current three fiscal years through concentrated execution of projects under construction.
- Increasing the value of our domestic and foreign assets through acquisition and utilization of new technologies, including the digital.
- Formulation of and participation in renewable energy projects, including hydro and wind power, with aspirations to lead the global megatrend of SDGs, ESG-focused business and decarbonization.
- Fostering of extensive human resource training from a global development perspective, encouragement of diversity, as well as strengthening of organizational structures and operational practices in our overseas projects.
- Increasing the added value of our projects and creation of new business opportunities by promoting group-wide cooperation and alliances with third party corporations outside Kansai Electric Power Group.

### Performance for fiscal year 2019

#### Expansion of our overseas power business

In the fiscal year of 2019, both the Rajamandala Hydropower Plant (Rajamandala) in Indonesia and the Nam Ngiep 1 Hydropower Plant (Nam Ngiep 1) in Laos were completed and commenced commercial operation. Rajamandala marks a first in that it is the only international project where the entire development process was undertaken exclusively by a Japanese electric utility. We independently executed all aspects including prior investigation, business evaluation and financing. Nam Ngiep 1 has also been led by Kansai Electric Power Company and is known as the second "Kuroyon" due to the fact that the main power station is equivalent to the Kurobegawa No.4 Hydropower Station in terms of power capacity and its large-scale dam size. For the construction stage, we obtained agreements for civil engineering, electrical and metal works with major Japanese companies to ensure quality control and schedule management.

In addition, our overseas business has also expanded to distribution and retail services. In the Philippines, we have been engaged in the power distribution and retail services for New Clark City (NCC) including design, construction, operation and maintenance of power systems. This has been carried out utilizing smart grid technologies in line with the development of the NCC smart city. In the UK, we have been involved in the electricity distribution network operations of Electricity North West Limited (ENW). This is the first case in which a Japanese power utility company has invested in a large-scale electricity distribution network operator overseas.

In 2020, the Hickory Run Thermal Power Plant (Hickory Run) started commercial operation in the U.S. Hickory Run is our first green-field project in North America. As for renewable power generation, we have also taken part in the Piiparinmäki Onshore Wind Farm Project (Piiparinmäki) in Finland and the Aviator Onshore Wind Farm Project (Aviator) in the U.S. Piiparinmäki and Aviator are the first renewable projects we have undertaken in their respective countries. By adding these two wind farms to our assets, our overseas renewable energy capacity has grown to incorporate approximately one-third of total capacity held in our international business portfolio.

Power generation capacity  
by investment ratio  
(as of the end of August 2020)

**2.816 GW**

Overseas power projects  
(as of the end of August 2020)

**20 projects in  
12 countries**



ENW engineers and facilities



Aviator Onshore Wind Farm Project

#### Achieving the targets set in our Medium-term Management Plan

We are concentrating our efforts toward achieving the profit targets set in the Medium-term Management Plan via participation in regulated business and projects from the initial development stages. Large profits can be generated and maximized by steadily advancing projects under construction as well as continually optimizing businesses in which we have a pre-existing stake.

## Business Segments

Information and  
Telecommunications Business

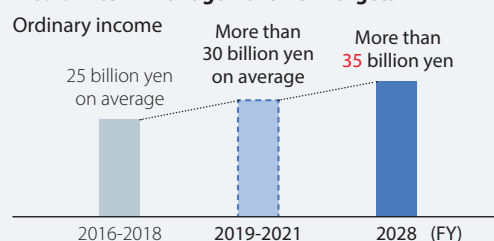
Toyokazu Misono

Director  
Representative Executive  
Officer, Vice President

## Overview

Arranging an extensive menu of options properly that respond to customer needs, we are providing comprehensive IT services for households and business firms utilizing AI, IoT and other digital technologies. Moreover, through actively incorporating new information and telecommunication technologies such as 5G, we are committed to building on our contribution to our customers by developing new businesses and services, capitalizing on our Group's strength.

## Medium-term Management Plan Targets



OPTAGE 5G



## Business environment

- Decrease in the number of FTTH service subscribers due to the maturity of the fixed broadband market.
- Increasingly competitive mobile market associated with the emergence of 5G services.
- Growing cyber security risks.
- Growing needs for business efficiency and automation, with the shrinking workforce and advances in digital technologies.
- Growing demand for telework in the wake of the COVID-19 pandemic.
- Business expansion potential created by 5G, which provides high-speed, large-capacity services.

Medium-term  
Management  
Plan Strategies

## What we aim to become in the future

By strengthening our customer base and creating added-value services, we will seek to be an IT business that is chosen by customers throughout the country.

Efforts  
(3-year Medium-  
term Management  
Plan)

- Create new solutions that address digitalization needs.
- Expand the infrastructure business dealing with the 5Gs
- Maintain and expand customer base for "eo Optical Fiber" and "mineo" services.
- Expand business fields using alliances, etc. and create new business.





## Performance for fiscal year 2019

The eo Optical Fiber Services, offered by the group company OPTAGE Inc., are FTTH services consisting of eo Optical Fiber Internet, eo Optical Fiber Telephone and eo Optical Fiber Television, each of which capitalizes on a proprietary high-speed, reliable optical fiber network.

While fiscal 2019 saw an increase in demand for high-speed, high-capacity services, OPTAGE launched eo Optical Fiber Internet 10/5-GB Services to help customers select the best option. These services ranked first in customer satisfaction surveys.

OPTAGE will continue to provide infrastructure services that form the basis of comfortable living while developing new services to help families stay connected, taking into account their varying configurations.

OPTAGE also offers the cell-phone service mineo, where various unique services such as the Ambassador System and the Disaster Relief Tank are provided to mineo customers under the theme of co-creation.

Moreover, by taking its cue from customers, the company started providing the Yuzurune service in fiscal 2019, which also ranked first in customer satisfaction surveys.

The values unique to mineo (namely the co-creation strategy: co-creation and co-imagination) will be further enhanced to provide services to as many customers as possible.

Number of eo Optical Fiber FTTH contracts  
(As of the end of March 2020)

About **1.65 million**



Number of mineo cell phone service contracts  
(As of the end of March 2020)

About **1.2 million**



Customer satisfaction ranking  
(determined by third parties)



Customer satisfaction ranking  
**No. 1**



Source: Mobile Marketing Data Labo.  
Customer satisfaction survey on reasonably-priced SIM card services (March 2020)

### Yuzurune service

The objective of this service is to smooth the data traffic in the period (from 12:00 to 13:00, in weekdays), in which the data traffic is the most congesting because it's a lunch break to a lot of users, and they use their phone to browse, etc. The service encourages users to give up using data in the period "voluntarily" (meaning yuzurune) to those who really need. Also, the service gives voluntary users incentives depending on the number of times in a month such as free data during the night time (from 23:00-7:00).



## Business Segments

## Life / Business Solution Business

Toyokazu Misono

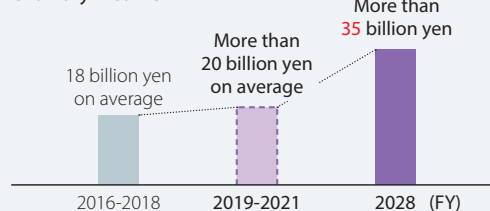
Director  
Representative Executive  
Officer, Vice President

## Overview

In addition to comprehensive real estate services (leasing, condominium sales, property management, leisure, etc.) we provide specific services for both individuals (home security, healthcare, etc.) and businesses (call-center and staffing services, etc.) to provide support for their everyday needs.

## Medium-term Management Plan Targets

## Ordinary income



Note: Including extraordinary gains/losses in the real-estate business



## Business environment

- Growing expectations for healthcare services that contribute to solving problems associated with an aging society (increasing healthy life expectancy, etc.)
- Growing outsourcing needs due to short staffing, progress in working practice reforms, etc.
- Robust demand for office space, leasing and condominiums.
- Decreasing yields on newly acquired real estate due to intensifying competition in real estate acquisition

Medium-term  
Management  
Plan Strategies

## What we aim to become in the future

We provide services that satisfy individual and business customers in their everyday needs, which in turn improves the Group's credibility and expands its revenues. At the same time, our aim is to transform ourselves into a general real estate business group to meet all real estate needs, capitalizing on a well-balanced mix of leasing, condominium and fee businesses.

Efforts  
(3-year Medium-term  
Management  
Plan)

- Enhance our brand power to expand operations in the Tokyo metropolitan area from our base in the Kansai urban area, while also branching out abroad.
- In the rental property field, expand and strengthen the asset management business for institutional investors.
- Expand and strengthen healthcare services by developing advanced services utilizing digital technology.
- Streamline operations and reduce labor by introducing RPA, etc.





## Performance for fiscal year 2019

- We have made active efforts to increase sales of “Cielia” condominiums in the Kansai and capital regions, and have provided 2,434 residences with this brand as of the end of March 2020.



Cielia Senri Chuo Tower  
(completed in February 2019)

### Number of “Cielia” brand residences supplied

Total of condominium units and detached houses with residential land development completed since starting to supply Cielia brand residences (fiscal 2016) until fiscal 2019

**2,434** units

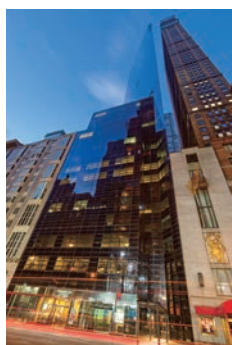
**CIELIA**



- Our real estate business in the emerging economies, especially those in Southeast Asia, deals primarily with condominiums, while the focus is on office leasing in Europe, the U.S., Australia and in other developed countries. As of the end of March 2020, we have participated in three condominium development projects in Vietnam, Indonesia and Thailand, and eight office leasing projects in the U.S., Singapore and Australia.

Number of projects invested in since the first overseas real estate business (fiscal 2017) until fiscal 2019

**11** projects



New York



Sydney



Bangkok

- About 54,000 contracts have been signed for our home security services as of the end of March 2020, a significant achievement in our efforts to reach out to customers and win their confidence.

### Number of contracts for KANDEN SOS home security services

For detached houses and condominiums as of the end of March 2020

**54,000** contracts



Customer satisfaction rate: 98%  
We help customers live a more secure and comfortable life.

In addition to providing real estate services, we monitor social trends in four business categories: life support (home security, housekeeping services, etc.), healthcare (health management support, caretaking services, etc.), financial services (collection agency services, financing, leasing, etc.) and business solutions (staffing services, call-center services and management, etc.). Moreover, by leveraging the Group's seed projects and those of others, we will continue to develop new service models that meet the needs of customers while providing high value-added services.

## 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



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)

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

**Sadayuki Sakakibara**

### 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.



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)

Director  
Member of the Compensation Committee  
Member of the Audit Committee

**Atsuko Kaga**

### 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.



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)

Director  
Member of the Nominating Committee  
Member of the Compensation Committee

**Takamune Okihara**

### 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.



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)

Director  
Chairman of the Audit Committee

**Hiroshi Tomono**

### 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.



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)

Director  
Member of the Nominating Committee  
Chairman of the Compensation Committee

**Tetsuya Kobayashi**

### 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.



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)

Director  
Member of the Nominating Committee

**Kazuko Takamatsu**

### 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.



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)

Director  
Member of the Audit Committee

**Shigeo Sasaki**

### 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.



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)

Director  
Member of the Audit Committee

**Fumio Naito**

### 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  
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  
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  
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.



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.

# 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.

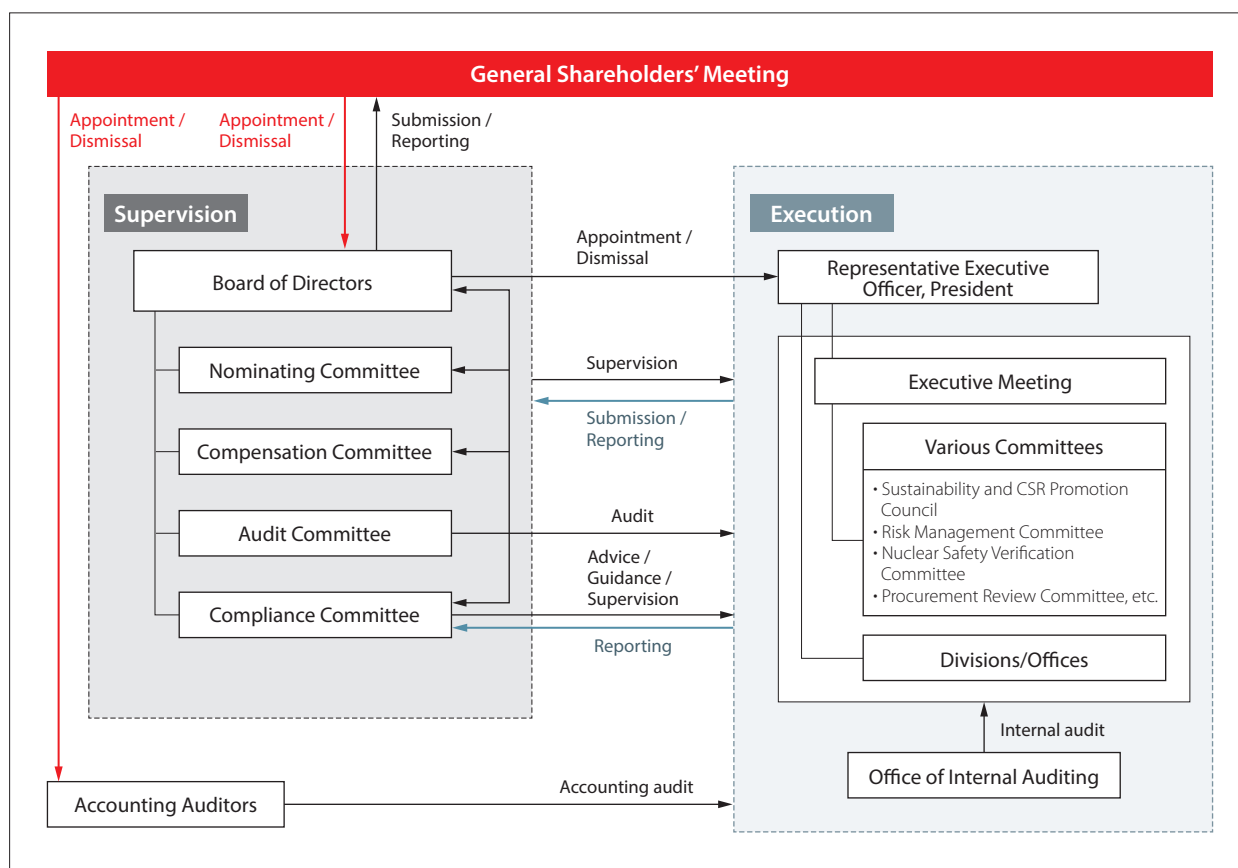
In terms of supervision, in order to reflect the perspectives

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.

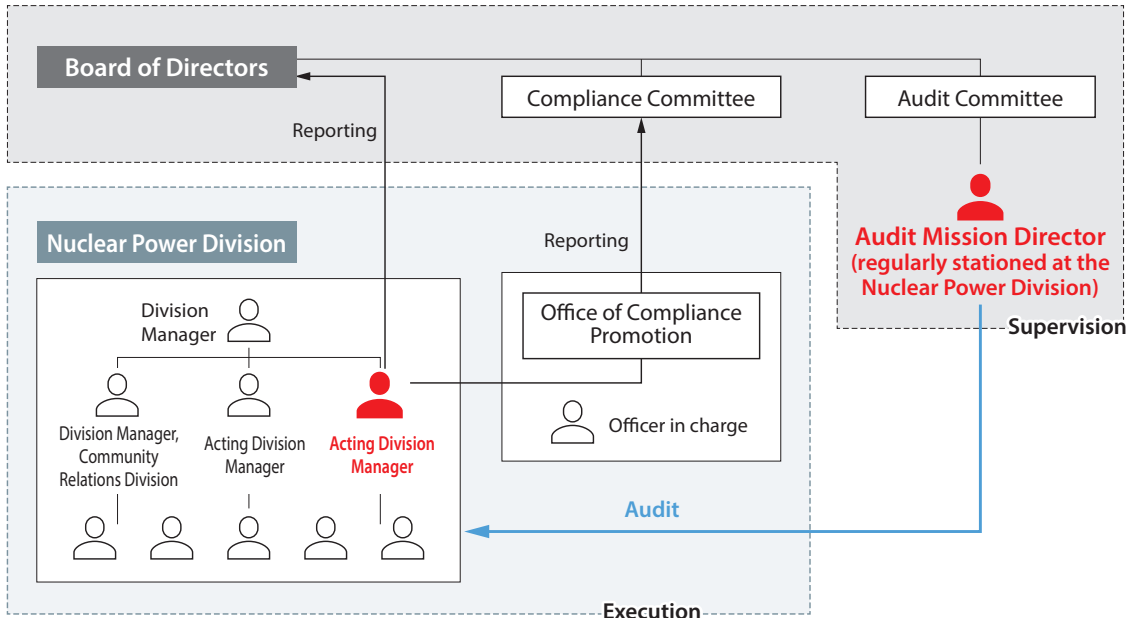
### 6. Management of subsidiaries

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

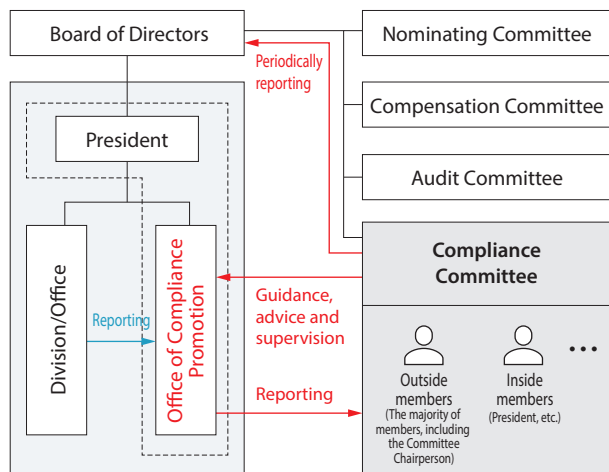
## Compliance system

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

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

<b>Exchange of gifts</b>	<ul style="list-style-type: none"> <li>• Gifts may not be exchanged. However, novelties distributed at events and as a seasonal greeting shall be excluded.</li> </ul>
<b>Business entertainment</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Report/response</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

## 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%**

## 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

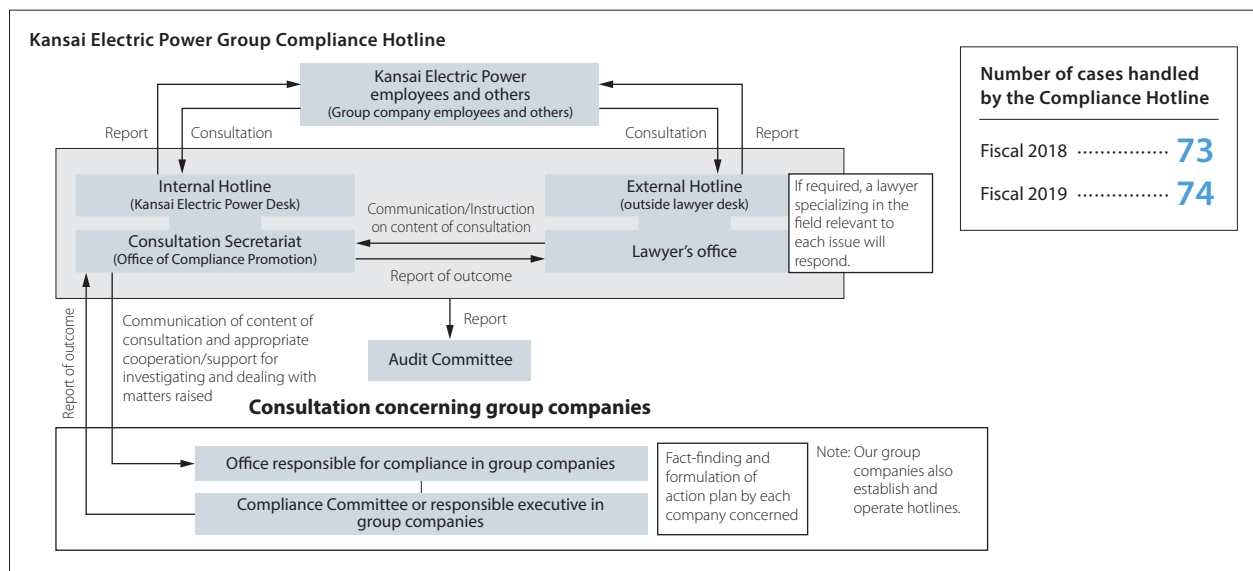
overseas. For example, we are clarifying matters to be observed strictly and prohibited acts, including exchanges of gifts and business entertainment conducted with improper intentions, by establishing in-house rules related to preventing the bribery of foreign official servants and others. We are also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

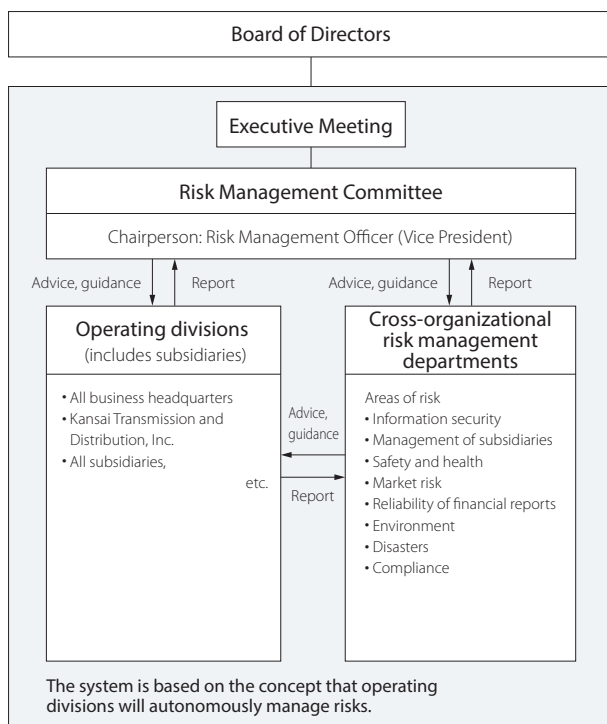
## Our fundamental approach to risk management

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.

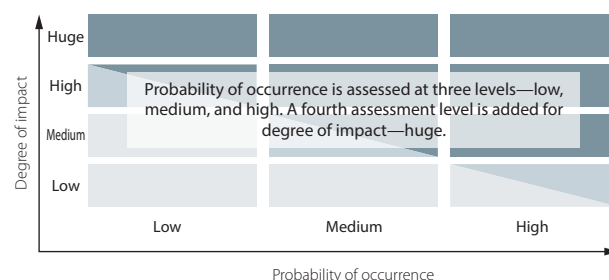
### Risk management system



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.

### Risk map



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.

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.

## 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

## 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

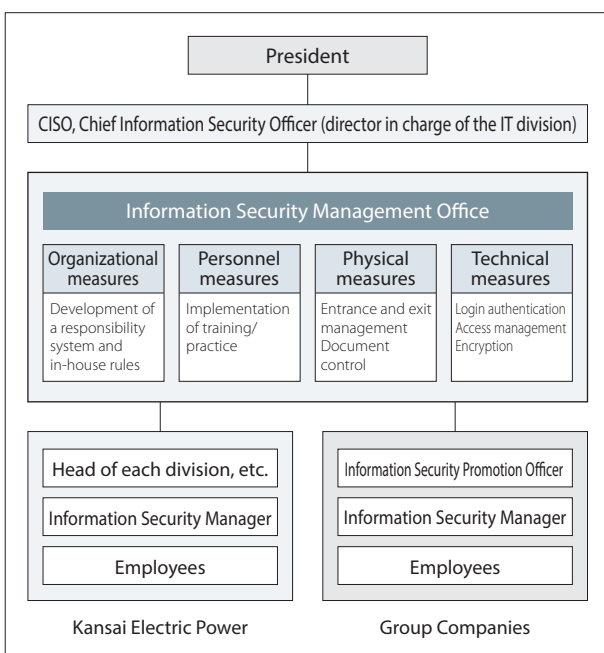
In our corporate information security promotion system, we have a Chief Information Security Officer (CISO) [director in charge of the IT division] and deploy Information Security Managers to promote specific efforts in each workplace.

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.

# Financial and Corporate Information

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# **The Kansai Electric Power Company, Incorporated and Its Subsidiaries**

Consolidated Financial Statements for the  
Year Ended March 31, 2020, and  
Independent Auditor's Report



**Consolidated Balance Sheet**

The Kansai Electric Power Company, Incorporated and Its Subsidiaries March 31, 2020

**ASSETS**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>PROPERTY:</b>			
Utility plant and equipment .....	<b>¥ 14,339,365</b>	¥ 14,647,136	<b>\$ 131,759,306</b>
Other plant and equipment (Note 8) .....	<b>2,207,797</b>	2,054,938	<b>20,286,658</b>
Construction in progress (Note 8) .....	<b>772,345</b>	579,917	<b>7,096,804</b>
Contributions in aid of construction .....	<b>(500,141)</b>	(491,138)	<b>(4,595,623)</b>
Accumulated depreciation and amortization .....	<b>(12,062,520)</b>	(12,208,608)	<b>(110,838,194)</b>
Plant and equipment – net (Note 5) .....	<b>4,756,845</b>	4,582,245	<b>43,708,951</b>
Nuclear fuel, net of amortization (Note 2.c) .....	<b>509,313</b>	506,278	<b>4,679,898</b>
Property – net .....	<b>5,266,158</b>	5,088,524	<b>48,388,849</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities (Notes 6, 8, and 18) .....	<b>208,042</b>	232,242	<b>1,911,631</b>
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 8) .....	<b>511,136</b>	456,672	<b>4,696,652</b>
Special account related to nuclear power decommissioning (Note 2.n) .....	<b>65,038</b>	73,025	<b>597,616</b>
Special account related to reprocessing of spent nuclear fuel (Note 2.j) .....	<b>87,960</b>	56,134	<b>808,237</b>
Deferred tax assets (Note 14) .....	<b>348,883</b>	372,906	<b>3,205,761</b>
Other assets (Note 8) .....	<b>205,772</b>	147,170	<b>1,890,773</b>
Total investments and other assets .....	<b>1,426,834</b>	1,338,151	<b>13,110,674</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Notes 8 and 18) .....	<b>255,458</b>	158,978	<b>2,347,319</b>
Receivables (Notes 8 and 18) .....	<b>316,956</b>	342,145	<b>2,912,404</b>
Allowance for doubtful accounts .....	<b>(2,148)</b>	(2,531)	<b>(19,739)</b>
Inventories (Notes 7 and 8) .....	<b>172,764</b>	163,937	<b>1,587,468</b>
Other current assets (Notes 6, 8, and 18) .....	<b>176,704</b>	168,157	<b>1,623,675</b>
Total current assets .....	<b>919,736</b>	830,687	<b>8,451,127</b>
<b>TOTAL .....</b>	<b>¥ 7,612,729</b>	¥ 7,257,363	<b>\$ 69,950,651</b>

See notes to consolidated financial statements.

## LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt, less current maturities (Notes 8 and 18) .....	<b>¥ 3,143,221</b>	¥ 2,939,093	<b>\$ 28,881,939</b>
Liability for retirement benefits (Note 9) .....	<b>367,095</b>	369,472	<b>3,373,107</b>
Asset retirement obligations (Notes 2.j and 10) .....	<b>508,279</b>	501,354	<b>4,670,400</b>
Deferred tax liabilities (Note 14) .....	<b>3,440</b>	1,831	<b>31,611</b>
Other long-term liabilities .....	<b>235,041</b>	250,350	<b>2,159,715</b>
Total long-term liabilities .....	<b>4,257,078</b>	4,062,102	<b>39,116,774</b>
<b>CURRENT LIABILITIES:</b>			
Current maturities of long-term debt (Notes 8 and 18) .....	<b>530,074</b>	516,483	<b>4,870,669</b>
Short-term borrowings (Notes 11 and 18) .....	<b>440,521</b>	416,096	<b>4,047,795</b>
Notes and accounts payable (Notes 8 and 18) .....	<b>212,420</b>	195,659	<b>1,951,857</b>
Accrued income taxes (Note 18) .....	<b>13,919</b>	13,361	<b>127,900</b>
Provision for loss on guarantees (Note 2.k) .....	<b>14,876</b>		<b>136,696</b>
Reserve for disaster restoration costs .....		2,104	
Accrued expenses and other current liabilities .....	<b>474,650</b>	490,219	<b>4,361,397</b>
Total current liabilities .....	<b>1,686,464</b>	1,633,925	<b>15,496,316</b>
RESERVE FOR FLUCTUATIONS IN WATER LEVEL .....	<b>27,431</b>	28,389	<b>252,062</b>
<b>COMMITMENTS AND CONTINGENCIES (Notes 16 and 21)</b>			
<b>EQUITY (Note 13):</b>			
Common stock – authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2020 and 2019 .....	<b>489,320</b>	489,320	<b>4,496,193</b>
Capital surplus .....	<b>66,678</b>	66,656	<b>612,682</b>
Retained earnings .....	<b>1,063,517</b>	979,669	<b>9,772,280</b>
Treasury stock – at cost: 45,589,484 shares in 2020 and 45,561,730 shares in 2019 .....	<b>(96,828)</b>	(96,806)	<b>(889,723)</b>
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities .....	<b>59,615</b>	82,937	<b>547,785</b>
Deferred gain (loss) on derivatives under hedge accounting .....	<b>14,173</b>	(9,514)	<b>130,239</b>
Foreign currency translation adjustments .....	<b>7,309</b>	9,015	<b>67,165</b>
Defined retirement benefit plans .....	<b>(2,992)</b>	(7,034)	<b>(27,498)</b>
Total .....	<b>1,600,793</b>	1,514,244	<b>14,709,123</b>
Noncontrolling interests .....	<b>40,960</b>	18,702	<b>376,373</b>
Total equity .....	<b>1,641,754</b>	1,532,946	<b>15,085,497</b>
<b>TOTAL</b> .....	<b>¥ 7,612,729</b>	¥ 7,257,363	<b>\$ 69,950,651</b>

See notes to consolidated financial statements.

## Consolidated Statement of Income

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>OPERATING REVENUES:</b>			
Electric .....	¥ 2,505,441	¥ 2,668,312	\$ 23,021,604
Other .....	678,818	639,349	6,237,421
Total operating revenues .....	3,184,259	3,307,661	29,259,025
<b>OPERATING EXPENSES (Note 15):</b>			
Electric .....	2,384,507	2,536,281	21,910,390
Other .....	592,795	566,526	5,446,990
Total operating expenses .....	2,977,303	3,102,807	27,357,380
<b>OPERATING INCOME</b> .....	<b>206,956</b>	<b>204,853</b>	<b>1,901,644</b>
<b>OTHER (INCOME) EXPENSES:</b>			
Interest and dividend income .....	(16,041)	(13,631)	(147,400)
Interest expense .....	25,875	30,430	237,761
Gain on sales of property, plant, and equipment .....	(6,966)	(17,941)	(64,009)
Equity in earnings of associated companies .....	(13,872)	(11,671)	(127,472)
Other – net .....	6,419	14,031	58,982
Total other (income) expenses .....	(4,585)	1,217	(42,137)
<b>ORDINARY INCOME</b> .....	<b>211,541</b>	<b>203,636</b>	<b>1,943,782</b>
<b>EXTRAORDINARY EXPENSES:</b>			
Loss on disaster (Note 12) .....		12,828	
Investment loss on subsidiaries and associated companies (Note 12) .....		18,093	
Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies (Note 12) ....	24,141		221,828
Total extraordinary expenses .....	24,141	30,922	221,828
<b>INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES</b> .....	<b>187,400</b>	<b>172,713</b>	<b>1,721,953</b>
<b>PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL</b> .....	<b>(957)</b>	<b>(558)</b>	<b>(8,797)</b>
<b>INCOME BEFORE INCOME TAXES</b> .....	<b>188,357</b>	<b>173,272</b>	<b>1,730,751</b>
<b>INCOME TAXES (Note 14):</b>			
Current .....	30,363	27,210	278,995
Deferred .....	26,780	30,319	246,075
Total income taxes .....	57,143	57,530	525,070
<b>NET INCOME</b> .....	<b>131,214</b>	<b>115,742</b>	<b>1,205,681</b>
<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b> ....	<b>1,211</b>	<b>664</b>	<b>11,133</b>
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b> .....	<b>¥ 130,002</b>	<b>¥ 115,077</b>	<b>\$ 1,194,547</b>
	Yen		U.S. Dollars
	2020	2019	2020
<b>PER SHARE OF COMMON STOCK (Notes 2.s and 22):</b>			
Basic net income .....	¥ 145.55	¥ 128.83	\$ 1.33
Cash dividends applicable to the year .....	50.00	50.00	0.45

See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>NET INCOME</b>	<b>¥ 131,214</b>	<b>¥ 115,742</b>	<b>\$ 1,205,681</b>
<b>OTHER COMPREHENSIVE INCOME (Note 20):</b>			
Unrealized loss on available-for-sale securities	(20,139)	(6,535)	(185,057)
Deferred gain (loss) on derivatives under hedge accounting	26,279	(6,150)	241,473
Foreign currency translation adjustments	(1,884)	(2,757)	(17,313)
Defined retirement benefit plans	1,754	2,148	16,123
Share of other comprehensive loss in associates	(1,174)	(1,479)	(10,793)
Total other comprehensive income	4,835	(14,773)	44,431
<b>COMPREHENSIVE INCOME</b>	<b>¥ 136,049</b>	<b>¥ 100,969</b>	<b>\$ 1,250,112</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of the parent	¥ 132,569	¥ 100,741	\$ 1,218,129
Noncontrolling interests	3,480	227	31,982

See notes to consolidated financial statements.

Kansai Electric Power Group  
Overview

Feature

Value Creation

Business Strategies

Foundation to  
Support Value Creation

Financial and  
Corporate Information

## Consolidated Statement of Changes in Equity

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

	Millions of Yen											
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
						Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
<b>BALANCE, APRIL 1, 2018</b>	938,733,028	¥489,320	¥66,725	¥904,806	¥(96,504)	¥91,135	¥(3,369)	¥11,016	¥(9,041)	¥1,454,087	¥18,709	¥1,472,797
Cash dividends, ¥50 per share .....				(40,213)						(40,213)		(40,213)
Net income attributable to owners of the parent .....				115,077						115,077		115,077
Purchase of treasury stock .....												
Disposal of treasury stock .....					(304)					(304)		(304)
Purchase of stock of consolidated subsidiaries .....					2					1		1
			(69)							(69)		(69)
Net change in the year .....						(8,197)	(6,144)	(2,000)	2,007	(14,335)	(7)	(14,343)
<b>BALANCE, MARCH 31, 2019</b>	938,733,028	489,320	66,656	979,669	(96,806)	82,937	(9,514)	9,015	(7,034)	1,514,244	18,702	1,532,946
Cash dividends, ¥50 per share .....				(44,679)						(44,679)		(44,679)
Net income attributable to owners of the parent .....				130,002						130,002		130,002
Change of scope of consolidation .....				(1,474)						(1,474)		(1,474)
Purchase of treasury stock .....					(24)					(24)		(24)
Disposal of treasury stock .....			(1)		2					1		1
Transfer to capital surplus from retained earnings .....			1	(1)								
Change in equity of consolidated subsidiary arising from change in equity in entities accounted for using equity method .....			19							19		19
Capital decrease of consolidated subsidiaries .....			2							2		2
Capital increase of consolidated subsidiaries .....			-							-		-
Purchase of stock of consolidated subsidiaries .....			-							-		-
Net change in the year .....						(23,322)	23,688	(1,706)	4,041	2,701	22,258	24,960
<b>BALANCE, MARCH 31, 2020</b>	938,733,028	¥489,320	¥66,678	¥1,063,517	¥(96,828)	¥59,615	¥14,173	¥7,309	¥(2,992)	¥1,600,793	¥40,960	¥1,641,754

	Thousands of U.S. Dollars (Note 1)										
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
					Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
<b>BALANCE, MARCH 31, 2019</b>	\$ 4,496,193	\$ 612,481	\$ 9,001,835	\$ (889,524)	\$ 762,083	\$ (87,424)	\$ 82,841	\$ (64,635)	\$ 13,913,850	\$ 171,847	\$ 14,085,697
Cash dividends, \$0.45 per share .....			(410,547)						(410,547)		(410,547)
Net income attributable to owners of the parent .....			1,194,547						1,194,547		1,194,547
Change of scope of consolidation .....			(13,544)						(13,544)		(13,544)
Purchase of treasury stock .....				(225)					(225)		(225)
Disposal of treasury stock .....		(11)		27					15		15
Transfer to capital surplus from retained earnings .....		11	(11)								
Change in equity of consolidated subsidiary arising from change in equity in entities accounted for using equity method .....		177							177		177
Capital decrease of consolidated subsidiaries .....		23							23		23
Capital increase of consolidated subsidiaries .....		-							-		-
Purchase of stock of consolidated subsidiaries .....		-							-		-
Net change in the year .....					(214,298)	217,664	(15,676)	37,137	24,826	204,526	229,352
<b>BALANCE, MARCH 31, 2020</b>	\$ 4,496,193	\$ 612,682	\$ 9,772,280	\$ (889,723)	\$ 547,785	\$ 130,239	\$ 67,165	\$ (27,498)	\$ 14,709,123	\$ 376,373	\$ 15,085,497

See notes to consolidated financial statements.



# Consolidated Statement of Cash Flows

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes .....	¥ 188,357	¥ 173,272	\$ 1,730,751
Adjustments for:			
Income taxes – paid .....	(31,181)	(27,185)	(286,512)
Depreciation and amortization .....	271,972	331,984	2,499,061
Decommissioning cost of nuclear power units .....	14,408	16,050	132,396
Depreciation of special account related to nuclear power decommissioning .....	7,986	5,307	73,386
Amortization of nuclear fuel .....	21,669	22,966	199,117
Loss on disposal of property, plant, and equipment .....	11,830	9,394	108,705
Loss on disaster .....		12,828	
Investment loss on subsidiaries and associated companies .....		18,093	
Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies .....	24,141		221,828
Changes in assets and liabilities:			
Decrease in interest and dividends receivable .....	4,483	4,650	41,197
(Decrease) increase in notes and accounts payable .....	4,093	(1,123)	37,611
Decrease in interest payable .....	(782)	(1,159)	(7,186)
Increase in liability for retirement benefits .....	1,150	4,570	10,574
Decrease (increase) in receivables .....	25,057	(41,446)	230,248
Payments for loss on disaster .....	(3,346)	(10,724)	(30,752)
Decrease in reserve for fluctuations in water level .....	(957)	(558)	(8,797)
Other – net (Note 3) .....	(75,476)	(67,203)	(693,530)
Total adjustments .....	275,051	276,443	2,527,346
Net cash provided by operating activities .....	463,408	449,716	4,258,098
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant, and equipment .....	(537,876)	(475,437)	(4,942,351)
Payments for investments and advances .....	(92,690)	(88,572)	(851,702)
Proceeds from sales of investments or collections of advances .....	13,871	25,247	127,463
Other – net (Note 3) .....	39,324	916	361,338
Net cash used in investing activities .....	(577,370)	(537,846)	(5,305,253)
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issuance of bonds .....	253,064	309,081	2,325,321
Proceeds from long-term debt (exclusive of bonds) .....	477,010	374,212	4,383,082
Proceeds from short-term loans .....	264,969	271,346	2,434,709
Proceeds from issuance of commercial papers .....	522,000	625,000	4,796,471
Redemption of bonds .....	(199,650)	(290,675)	(1,834,512)
Repayments of long-term debt (exclusive of bonds) .....	(311,890)	(360,138)	(2,865,852)
Repayments of short-term loans .....	(266,360)	(268,284)	(2,447,488)
Repayments of commercial papers .....	(496,000)	(509,000)	(4,557,566)
Proceeds from share issuance to noncontrolling shareholders .....	22,493		206,683
Dividends paid .....	(44,570)	(40,098)	(409,541)
Other – net .....	(9,844)	(8,371)	(90,459)
Net cash provided by financing activities .....	211,222	103,073	1,940,848
<b>NET CASH PROVIDED BY OPERATING, INVESTING, AND FINANCING ACTIVITIES ...</b>	<b>97,260</b>	<b>14,942</b>	<b>893,693</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS .....</b>	<b>22</b>	<b>(141)</b>	<b>203</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS .....</b>	<b>97,282</b>	<b>14,801</b>	<b>893,896</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR .....</b>	<b>158,978</b>	<b>144,176</b>	<b>1,460,793</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM EXCLUSION OF SUBSIDIARIES FROM CONSOLIDATION .....</b>	<b>(802)</b>		<b>(7,369)</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR .....</b>	<b>¥ 255,458</b>	<b>¥ 158,978</b>	<b>\$ 2,347,320</b>

See notes to consolidated financial statements.

Kansai Electric Power Group  
Overview

Feature

Value Creation

Business Strategies

Foundation to  
Support Value Creation

Financial and  
Corporate Information

## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

### 1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Electricity Utilities Industry Act and the related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS).

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per-share data.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Kansai Electric Power Company, Incorporated (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥108.83 to \$1, the approximate rate of exchange as of March 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars, except for per-share data.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Principles of Consolidation and Accounting for

**Investments in Associated Companies** – The consolidated financial statements as of March 31, 2020, include the accounts of the Company and 80 (77 in 2019) subsidiaries (collectively, the "Group"). Had the unconsolidated subsidiary been included in the accounts, the effect on the accompanying consolidated financial statements would not be material.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

Investments in four in 2020 and 2019 associated companies are accounted for by the equity method. Investments in the unconsolidated subsidiaries and remaining associated companies are stated at cost. Had the equity method been applied to the investments in these companies

the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of the acquired subsidiary or associated company and business at the date of acquisition is amortized over a period of 5 to 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

**b. Subsidiaries' Fiscal Year End** – The fiscal year end of eight subsidiaries is December 31. The Company consolidates such subsidiaries' financial statements using their financial results for the year ended December 31. The fiscal year end of one subsidiary is October 31 and the Company consolidates the subsidiary's financial statements using its financial results for provisional settlement applying the final settlement as of the consolidated fiscal year. The effects of any significant transactions during the period between the subsidiaries' fiscal year end and the Company's fiscal year end are reflected in the consolidated financial statements.

**c. Property, Depreciation, and Amortization** – Property is stated at cost. Contributions in aid of construction, which include certain amounts assessed to and collected from customers, are deducted from the costs of the related assets in accordance with the regulations.

Depreciation is principally computed by the straight line method based on the estimated useful lives of the assets.

Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity. Accumulated amortization of nuclear fuel as of March 31, 2020 and 2019, was ¥81,184 million (\$745,970 thousand) and ¥73,548 million, respectively.

#### **Change in depreciation method for tangible fixed assets**

– From this consolidated fiscal year, the Company and its consolidated subsidiaries have changed the primary depreciation method for tangible fixed assets from the declining-balance method to the straight-line method.

In the Kansai area, which is the Company's main supply area, demand for electric power is expected to remain stable due to factors, such as decline in population and widespread use of energy-saving facilities.

Also, the electricity generation and retail business is placed in a competitive environment due to progress in deregulation of the electric power industry in response to the national electricity system reform, and the electricity transmission and distribution business is expected to play a role in contributing to safe and stable supply of electricity by ensuring neutrality,

equitability, and efficient operation.

In addition to the above, in the Basic Energy Plan, nuclear power, hydropower, and coal-fired thermal power are positioned as the base load power supply and are expected to operate stably. In regard to oil-fired thermal power and pumped-storage hydropower, value is added to installed capacity as a peak load electricity source and adjustable power supply.

As summarized above, the business environment surrounding the Company has changed drastically, therefore the Company will be prepared for a wide range of eventualities regarding changes in the environment, focusing on the electricity business, which is its core business, and will continue its efforts to increase its corporate value.

In particular, based on the Basic Energy Plan, the Company will strive to maintain steady operation of current electricity power sources in the electricity generation business, taking advantage of the characteristics of each power source. In regard to the transmission and distribution business, the Company will fulfill its duties to maintain a steady supply of electricity in response to social needs, and endeavor to maintain and utilize facilities efficiently.

Reflecting the aforementioned management policy, in the Medium-term Management Plan that commenced in 2019, the efficient and stable operation of all facilities was positioned as one of the Company's major efforts to be taken.

Taking into consideration the above, as stable use of facilities can be expected mainly in the electric power business, the Company determined that changing the depreciation method for tangible fixed assets to the straight-line method would more properly reflect the consumption pattern of future economic benefits.

Due to this change, operating income increased by ¥48,699 million (\$447,478 thousand), and income before income taxes increased by ¥48,410 million (\$444,882 thousand), compared to the previous depreciation method.

**d. Impairment of Fixed Assets** – The Group reviews its fixed assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

**e. Investment Securities** – The Group's securities are classified and accounted for as follows: (1) held-to-maturity debt securities, for which management has the positive intent and ability to hold to maturity, are reported at amortized cost; (2) available-for-sale securities whose fair value is not readily determinable are reported at cost; and (3) available-for-sale securities whose fair value is readily determinable are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity.

The cost of securities sold is determined by the moving-average method.

**f. Cash Equivalents** – Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, commercial paper, and bond funds, all of which mature or become due within three months of the date of acquisition.

**g. Inventories** – Inventories, mainly fuel, are stated at the lower of cost, determined by the average method or net selling value.

**h. Retirement and Pension Plan** – The Company and certain of its consolidated subsidiaries have defined contribution pension plans, unfunded defined benefit pension plans, and unfunded lump-sum severance payment plans.

The Group accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the consolidated balance sheet date.

Prior service cost is amortized by the straight-line method over a period of principally three years. Actuarial gains or losses are recognized by the straight-line method over a period of principally three years.

Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over three years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

**i. Cost of Reprocessing of Irradiated Nuclear Fuel** – The Company records the amount of contribution set forth in Paragraph 1 of Article 4 of the "Act for Partial Revision of the Irradiated Nuclear Fuel Reprocessing Fund Act" (Act No. 40,

## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

2016; the "Revised Act") (except for the amount of contribution set forth in No. 1 of Paragraph 4 of Article 2 of the Revised Act as the contribution to manufacturing process which is related to reprocessing of irradiated nuclear fuel) as electric operating expenses according to the volume of irradiated nuclear fuel, which is generated from operation of the nuclear power plants, in accordance with Paragraph 2 of said Article 4.

The Company records the amount of contribution to manufacturing processes related to reprocessing of irradiated nuclear fuel as special account related to reprocessing of spent nuclear fuel.

With regard to the unrecognized amount of ¥82,953 million (\$762,225 thousand) at the time of enforcement of the Revised Act out of ¥312,810 million (\$2,874,299 thousand) (the difference which resulted from the change in the accounting standard relating to reserve for reprocessing of irradiated nuclear fuel in 2005) set forth in Article 2 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 92, in 2005), the Company has paid such amount in installments in each fiscal year up to 2020 in accordance with Paragraph 1 of Article 6 of Supplementary Provisions of the Revised Act, and the Company has recorded and will record the amount paid in each fiscal year as expenses in accordance with Article 4 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 94, in 2016).

- j. Asset Retirement Obligations** – An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense in the appropriate manner. Over time, the liability is accreted to its present value each

period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost. The Company mainly recognizes an asset retirement obligation with regard to the costs for decommissioning of nuclear power units, which are regulated under the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material, and Reactors. The amount of this asset retirement obligation is based on the total estimation amount of decommissioning of nuclear power units. The estimated useful life is equal to the expected safe storage period and the expected operating period of a specific nuclear power unit, and a discount rate of 2.3% is used. In addition, in accordance with Accounting Standards Board of Japan ("ASBJ") Guidance No. 21 and the Ministerial Ordinance Concerning Reserve for Decommissioning of Nuclear Power Units, the asset retirement cost is subsequently allocated to expenses based on the straight-line method throughout the expected safe storage period and the expected operating period.

- k. Provision for Loss on Guarantees** – In order to provide for losses on debt guarantee, the projected losses take into consideration the financial position and other factors of the guarantee.

- l. Reserve for Fluctuations in Water Level** – A reserve for fluctuations in water level is provided for costs expected to be incurred from insufficient water levels in accordance with the Electricity Utilities Industry Act and the Ordinance on Accounting at Electricity Utilities.

### **m. Leases**

**As lessee** – Finance lease transactions are capitalized to recognizing lease assets and lease obligations in the consolidated balance sheet.

All other leases are accounted for as operating leases.

**As lessor** – Finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in leases.

All other leases are accounted for as operating leases.

### **n. Special Account Related to Nuclear Power**

**Decommissioning** – The special account related to nuclear power decommissioning shall be amortized in relation to the collection of the regulated power fees after the date of approval of the Ministry of Economy, Trade and Industry pursuant to Article 7 of Supplementary Provisions of Ministry

Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 50, 2016).

- o. Income Taxes** – The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

The Group files a tax return under the consolidated corporate tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

- p. Foreign Currency Transactions** – All receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by the forward exchange contracts.

- q. Foreign Currency Financial Statements** – The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date. Differences arising from such translation are shown as “Foreign currency translation adjustments” under accumulated other comprehensive income in a separate component of equity.

- r. Derivatives and Hedging Activities** – The Group principally uses foreign exchange forward contracts, currency swaps, interest rate swaps, and commodity swaps in the normal course of business to manage their exposures to fluctuations in foreign exchange, interest rates, fuel prices, and so on. The Group does not enter into derivatives for trading or speculative purposes. Derivative financial instruments are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and (2) for derivatives used for hedging purposes, if such derivatives

qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

Assets and liabilities denominated in foreign currencies for which foreign exchange forward contracts and currency swaps are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts and currency swaps qualify for hedge accounting.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

- s. Per-Share Information** – Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

- t. Accounting Changes and Error Corrections** – Under ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections,” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections,” accounting treatments are required as follows:
1. Changes in Accounting Policies – When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.
  2. Changes in Presentation – When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.
  3. Changes in Accounting Estimates – A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.
  4. Corrections of Prior-Period Errors – When an error in prior-period financial statements is discovered, those statements are restated.



## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

### u. New Accounting Pronouncements

**Revenue recognition** – On March 31, 2020, the ASBJ issued ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition,” and ASBJ Guidance No. 30, “Implementation Guidance on Accounting Standard for Revenue Recognition.” The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contracts with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when the entity satisfies a performance obligation.

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2018.

The Company expects to apply the accounting standard and guidance for annual periods beginning on April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

The Company expects to apply the following accounting standard and guidance for annual periods beginning on or after April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

**Accounting standard for fair value measurement, etc.**

– To enhance comparability of financial statements among domestic and overseas companies, the ASBJ issued ASBJ Statement No. 30, “Accounting Standard for Fair Value Measurement” and ASBJ Guidance No. 31, “Implementation Guidance on Accounting Standard for Fair Value Measurement,” and revised related ASBJ Statements and ASBJ Guidance (the “New Accounting Standards”) on July 4, 2019. The New Accounting Standards define the guidance for fair value measurements. The New Accounting Standards are applied for fair value measurements of financial instruments defined by “Accounting Standard for Financial Instruments” and inventories held for trading purpose defined by “Accounting Standard for Measurement of Inventories.”

In accordance with the New Accounting Standards, “Implementation Guidance on Disclosures about Fair Value of

Financial Instruments” was revised and the revised guidance requires companies to disclose details of financial instruments by levels of the fair value hierarchy.

The New Accounting Standards are effective for the annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2020, or annual periods ending on or after March 31, 2020. The New Accounting Standards shall be applied prospectively, however, under certain circumstances, it is permitted to be applied retrospectively.

The Company expects to apply the accounting standard and guidance for annual periods beginning on April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

**Revised accounting standard for accounting policy disclosures, accounting changes and error correction**

– On March 31, 2020, the ASBJ issued the revised ASBJ Statement No. 24, (revised 2020) “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections.” The revised accounting standard requires companies to disclose the outline of accounting principles and procedures in the absence of accounting standards that specifically are applied to transactions or events.

The Company expects to apply the accounting standard for the year ending March 31, 2021.

**Accounting standard for disclosure of accounting estimates**

– On March 31, 2020, the ASBJ issued the ASBJ Statement No. 31, “Accounting Standard for Disclosure of Accounting Estimates.” To help users of financial statements to understand, the new accounting standard requires companies to disclose the information of the estimation at the end of the reporting period that has a significant risk of resulting in a material adjustment to the financial statement within the next financial year.

The Company expects to apply the accounting standard for the year ending March 31, 2021.

### v. Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

– With regard to the transition to the group tax sharing system created under the “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 8, 2020), and items revised in line with the transition to the group tax sharing system, the Company and some of its consolidated subsidiaries have not applied the stipulations set forth in Item 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) through the handling of Item 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition

from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force No. 39, March 31, 2020). Amounts of deferred tax assets and deferred tax liabilities are based on provisions of the taxation law before revision.

### 3. CHANGES IN PRESENTATION

Related to the Consolidated Statement of Cash Flows

Amounts previously presented as "Increase (decrease) in inventories" under "Net cash provided by operating activities" last fiscal year is now presented within "Other" in the current fiscal year as they are no longer material. To reflect this change in presentation, similar adjustment was made to the comparative information on the consolidated statement of cash flows.

As a result, ¥(34,777) million from "Increase (decrease) in inventories" and ¥(32,426) million from "Other" were combined and presented as "Other" in the amount of ¥(67,203) million.

Similarly, the "Payments for investments in subsidiaries resulting in change in scope of consolidation" and "Payments for transfer of business," which were presented under "Net cash used in investment activities" in the prior fiscal year became not material, therefore, they are now included in "Other" from this fiscal year. To reflect this change in presentation method, similar adjustment was made to the comparative information on the consolidated statement of cash flows.

As a result, ¥(11,734) million from "Payment for investments in subsidiaries resulting in change in scope of consolidation," ¥(22,055) million from "Payments for transfer of business" and ¥34,706 million from "Other" were combined and presented as "Other" in the amount of ¥916 million.

Regarding "Net cash provided by financing activities," greater importance was attached to the "Proceeds from share issuance to noncontrolling shareholders" that were included last fiscal year in "Other," therefore, a separate category was created this fiscal year.

As a result, the ¥(8,371) million reported as "Other" under last year's "Net cash provided by financing activities" was split into ¥161 million for "Proceeds from share issuance to noncontrolling shareholders" and ¥(8,532) million as "Other."

### 4. ADDITIONAL INFORMATION

#### a. Stock-Based Incentive System for Executive Officers

The Company introduced a new stock-based incentive system ("the System") for the Company's executive officers (excluding nonresidents in Japan, hereinafter, referred to as, "Officers," collectively), with an aim to improve business performance of the Group and to enhance the motivation of Officers to contribute to enhancing corporate value of the Company over the medium-to-long term.

#### 1. Outline of transaction

The Company adopts a mechanism called BIP ("Board Incentive Plan") Trust (the "Trust"). The System is a stock-based incentive system, under which Company's shares are acquired through the Trust using money, equivalent to the amount of remuneration for Officers contributed by the Company, granting/provision of the Company's shares and cash equivalent to the amount obtained by converting a part of the shares into cash is made to eligible Officers based on the position rank of respective Officers.

Furthermore, the System is accounted for as "Practical Solution on Transaction of Granting Treasury Stock Employees through the Trust Using Money" (ASBJ Practical Issues Task Force No. 30, March 26, 2015).

#### 2. Company's shares that remain in the Trust

The Company's shares that remain in the Trust are recorded in equity as treasury stock at the book value of the Trust (excluding any amount equivalent to expenses attributable thereto).

The book value and number of shares of such treasury stock at the end of the current consolidated fiscal year is ¥216 million (\$1,984 thousand) and 136,615 shares.

### b. Spin off the General Power Transmission and Distribution Business through Company Split

On April 1, 2020, the Company transferred its general power transmission and distribution business through company split to Kansai Transmission and Distribution, Inc.

#### 1. Outline of business unit to be split

##### (a) Description of business unit to be split

General electricity transmission and distribution business and any business incidental thereto

##### (b) The date to be split

April 1, 2020

##### (c) Type of split

This is an absorption-type split where the Company is the splitting company and the Kansai Transmission and Distribution, Inc., a subsidiary wholly owned by the Company, is the succeeding company.

##### (d) Company name of succeeding company after split

Kansai Transmission and Distribution, Inc.

##### (e) Purpose of split

In regard to Japan's energy policy, from the standpoint of stable supply of energy and reduction of energy costs, electric power systems reform aiming to "secure a stable supply of electric power," "suppress electricity rates to the maximum extent possible" and to "expand choices for consumers and business opportunities" have been proceeded. In April 2020, as the third step of

## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

such reform, the revised Electricity Business Act came into force in which a company engaged in the general electricity transmission and distribution business is prohibited, in principle, to simultaneously also engage in the electricity generation business or the retail electricity business, in order to further secure neutrality of the electricity transmission division and to realize a more competitive market environment. As a result, spin off of the general electricity transmission and distribution business were required.

In order to accommodate the requirement of the revised Electricity Business Act, on April 1, 2019, the Company established the Kansai Transmission and Distribution, Inc. (100%-owned subsidiary of the Company) as a business operator to undertake the general electricity transmission and distribution business and any business incidental thereto, and on the same date, executed an absorption-type split agreement with succeeding company to transfer, on April 1, 2020 (schedule), such business to succeeding company through such absorption-type split.

In regard to the electricity generation business and the retail electricity business, the Company will work in a consolidated way as the operating holding company even after Legal Separation, to allow the best use of our

management resources according to the then-current environment, and aim to maximize the value of the Group by providing a variety of energy solutions to customers and the society, and to have them select the Group from among others.

The Company will not only appropriately respond to Legal Separation, but also will realize the sustainable growth of the Group (including the Kansai Transmission and Distribution, Inc.) by continuing to achieve safe and stable supply, to overcome changes in the business environment and to proceed with the reform.

### 2. Overview of accounting treatment

“Accounting Standards for Business Combinations” (Corporate Accounting Standard No. 21, September 13, 2013) and “Application Guidelines for Accounting Standards for Business Combinations and Business Separation Accounting Standards” (Corporate Accounting Standards Application Guidelines No. 10, 2013). It is accounted as a transaction under common control based on September 13, 2013.

The amounts of assets and liabilities that have been split and succeeded are as follows:

Assets		Liabilities	
Item	Book Value	Item	Book Value
Property	¥ 2,333,802 million (\$ 2,144,447 thousand)	Long-term liabilities and reserves	¥ 178,269 million (\$ 163,805 thousand)
Current assets	¥ 110,474 million (\$ 101,510 thousand)	Current liabilities	¥ 1145,741 million (\$ 1,052,780 thousand)
Total	¥ 2,444,277 million (\$ 2,245,959 thousand)	Total	¥ 324,010 million (\$ 297,721 thousand)

## 5. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, as of March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Hydroelectric power production facilities .....	¥ 302,006	¥ 287,637	\$ 2,775,027
Thermal power production facilities .....	345,217	374,364	3,172,082
Nuclear power production facilities .....	387,506	390,501	3,560,662
Transmission facilities .....	779,561	790,303	7,163,111
Transformation facilities .....	407,537	407,612	3,744,719
Distribution facilities .....	806,399	803,893	7,409,714
General facilities .....	101,170	100,211	929,615
Other utility facilities .....	19,939	20,567	183,220
Other plant and equipment .....	835,160	827,236	7,673,991
Construction in progress .....	772,345	579,917	7,096,804
<b>Total .....</b>	<b>¥ 4,756,845</b>	<b>¥ 4,582,245</b>	<b>\$ 43,708,951</b>

The book value of specified assets for nuclear power is included in nuclear power production facilities, which amounted to

¥27,403 million (\$251,799 thousand) and ¥32,381 million as of March 31, 2020 and 2019, respectively.

## 6. INVESTMENT SECURITIES

The information for available-for-sale securities, whose fair values are readily determinable, and held-to-maturity securities

as of March 31, 2020 and 2019, is as follows:

March 31, 2020	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities .....	¥ 64,306	¥ 71,857	¥ (752)	¥ 135,410
Debt securities .....	199	12		212
Held-to-maturity debt securities .....	1,630	45	(3)	1,672
March 31, 2019	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities .....	¥ 68,004	¥ 99,317	¥ (701)	¥ 166,620
Debt securities .....	199	16		216
Held-to-maturity debt securities .....	1,921	57		1,978
March 31, 2020	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities .....	\$ 590,888	\$ 660,271	\$ (6,917)	\$ 1,244,242
Debt securities .....	1,837	119		1,956
Held-to-maturity debt securities .....	14,982	418	(31)	15,369

## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

### 7. INVENTORIES

Inventories as of March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Merchandise and finished products .....	¥ 4,050	¥ 3,614	\$ 37,217
Work in process .....	5,992	6,136	55,060
Raw materials and supplies .....	85,960	84,521	789,858
Real estate for sale .....	76,761	69,664	705,331
<b>Total .....</b>	<b>¥ 172,764</b>	<b>¥ 163,937</b>	<b>\$ 1,587,468</b>

### 8. LONG-TERM DEBT

Long-term debt as of March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
<b>Secured bonds:</b>			
0.14% to 1.682%, due serially through 2049:			
The Company .....	¥ 1,313,620	¥ 11,259,300	\$ 12,070,385
Subsidiaries .....	300	200	2,756
(Nonrecourse debt included above) .....	100	100	918
<b>Unsecured bonds .....</b>	<b>132</b>	<b>282</b>	<b>1,217</b>
<b>Secured loans principally from the Development Bank of Japan:</b>			
0.35% to 3.15% maturing serially through 2030:			
The Company .....	321,037	329,595	2,949,894
Subsidiaries .....	29,468	15,129	270,780
(Nonrecourse debt included above) .....	16,396	7,384	150,660
<b>Unsecured loans from banks, insurance companies, and other sources:</b>			
0.07% to 1.99% (0.07% to 3.59% in 2019) maturing serially through 2040 .....	1,991,585	1,832,868	18,299,966
<b>Obligations under finance leases .....</b>	<b>17,152</b>	<b>18,201</b>	<b>157,609</b>
<b>Total .....</b>	<b>3,673,296</b>	<b>3,455,577</b>	<b>33,752,609</b>
<b>Less current maturities .....</b>	<b>530,074</b>	<b>516,483</b>	<b>4,870,669</b>
<b>Long-term debt, less current maturities .....</b>	<b>¥ 3,143,221</b>	<b>¥ 2,939,093</b>	<b>\$ 28,881,939</b>



Annual maturities of long-term debt as of March 31, 2020, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
<b>Years Ending March 31</b>		
2021 .....	¥ 530,074	\$ 4,870,669
2022 .....	582,524	5,352,613
2023 .....	486,019	4,465,859
2024 .....	472,231	4,339,168
2025 .....	367,631	3,378,030
2026 and thereafter .....	1,234,814	11,346,268
<b>Total .....</b>	<b>¥ 3,673,296</b>	<b>\$ 33,752,609</b>

All of the Company's assets are pledged as collateral for the secured bonds and secured loans from the Development Bank of Japan.

The carrying amounts of subsidiaries' assets pledged as

collateral for notes and accounts payable of ¥1,027 million (\$9,436 thousand) and the above secured loans as of March 31, 2020, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	<b>2020</b>	<b>2020</b>
Other plant and equipment .....	<b>¥ 22,212</b>	<b>\$ 204,099</b>
Construction in progress .....	<b>12,537</b>	<b>115,205</b>
Other assets .....	<b>1,734</b>	<b>15,937</b>
Cash and cash equivalents .....	<b>3,396</b>	<b>31,207</b>
Other current assets .....	<b>1,142</b>	<b>10,501</b>

Furthermore, the carrying amounts of assets of certain consolidated subsidiaries that are pledged as collateral for long-

term debt of their investees from financial institutions were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	<b>2020</b>	<b>2020</b>
Other plant and equipment .....	<b>¥ 34,556</b>	<b>\$ 317,529</b>
Construction in progress .....	<b>786</b>	<b>7,222</b>
Investment securities .....	<b>207</b>	<b>1,904</b>
Investments in and advances to unconsolidated subsidiaries and associated companies .....	<b>48,063</b>	<b>441,640</b>
Other assets .....	<b>17,486</b>	<b>160,678</b>
Cash and cash equivalents .....	<b>1,603</b>	<b>14,735</b>
Receivables .....	<b>452</b>	<b>4,154</b>
Inventories .....	<b>230</b>	<b>2,118</b>
Other current assets .....	<b>805</b>	<b>7,405</b>

## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

### 9. RETIREMENT AND PENSION PLAN

The Company and certain consolidated subsidiaries have severance payment plans for employees.

Under most circumstances, employees terminating their employment with the Group, either voluntarily or upon reaching the mandatory retirement age, are entitled to retirement benefits

based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee.

1. The changes in defined benefit obligation for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Balance at beginning of year .....	<b>¥ 371,057</b>	¥ 369,514	<b>\$ 3,409,515</b>
Current service cost .....	<b>13,015</b>	13,298	<b>119,596</b>
Interest cost .....	<b>3,437</b>	3,483	<b>31,581</b>
Actuarial losses .....	<b>605</b>	1,787	<b>5,561</b>
Benefits paid .....	<b>(17,527)</b>	(16,731)	<b>(161,053)</b>
Decrease resulting from exclusion of subsidiaries from consolidation .....	<b>(2,645)</b>		<b>(24,305)</b>
Other .....	<b>(847)</b>	(294)	<b>(7,789)</b>
<b>Balance at end of year .....</b>	<b>¥ 367,095</b>	¥ 371,057	<b>\$ 3,373,107</b>

2. The changes in plan assets for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Balance at beginning of year .....	<b>¥ 1,584</b>	¥ 1,638	<b>\$ 14,560</b>
Expected return on plan assets .....	<b>9</b>	40	<b>91</b>
Actuarial losses .....		(81)	
Contributions from the employer .....	<b>34</b>	137	<b>319</b>
Benefits paid .....	<b>(61)</b>	(151)	<b>(563)</b>
Decrease resulting from exclusion of subsidiaries from consolidation .....	<b>(1,567)</b>		<b>(14,407)</b>
<b>Balance at end of year .....</b>		¥ 1,584	

3. A reconciliation between the liability recorded in the consolidated balance sheets and the balances of defined benefit obligation

and plan assets as of March 31, 2020 and 2019, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Funded defined benefit obligation.....		¥ 2,659	
Plan assets.....		(1,584)	
Total.....		1,074	
Unfunded defined benefit obligation .....	¥ 367,095	369,398	\$ 3,373,107
Net liability arising from defined benefit obligation .....	¥ 367,095	¥ 369,472	\$ 3,373,107

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Liability for retirement benefits .....	¥ 367,095	¥ 369,472	\$ 3,373,107
Net liability arising from defined benefit obligation .....	¥ 367,095	¥ 369,472	\$ 3,373,107

4. The components of net periodic retirement benefit costs for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Service cost .....	¥ 13,015	¥ 13,298	\$ 119,596
Interest cost .....	3,437	3,483	31,581
Expected return on plan assets .....	(9)	(40)	(91)
Recognized actuarial losses .....	3,064	4,885	28,162
Amortization of prior service cost .....	(8)	(18)	(76)
Other .....	(55)	154	(513)
Net periodic retirement benefit costs .....	¥ 19,443	¥ 21,762	\$ 178,660

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans

as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Prior service cost .....	¥ (8)	¥ (18)	\$ (76)
Actuarial losses .....	3,092	3,016	28,411
Total .....	¥ 3,083	¥ 2,998	\$ 28,335

## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

6. Amounts recognized in accumulated other comprehensive income (before income tax, effect) in respect of defined

retirement benefit plans as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Unrecognized prior service cost .....		¥ (99)	
Unrecognized actuarial losses .....	¥ 3,907	6,999	\$ 35,902
<b>Total .....</b>	<b>¥ 3,907</b>	<b>¥ 6,899</b>	<b>\$ 35,902</b>

7. Plan assets

(1) Components of plan assets

Plan assets at March 31, 2020 and 2019, consisted of the following:

	2020	2019
Debt investments .....	%	44%
General account of life insurance .....		39
Equity investments .....		8
Other .....		9
<b>Total .....</b>	<b>%</b>	<b>100%</b>

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are

expected currently and in the future from the various components of plan assets.

8. Assumptions used for the years ended March 31, 2020 and 2019, are set forth as follows:

	2020	2019
Discount rate .....	<b>0.99%</b>	<b>1.00%</b>
Expected rate of return on plan assets .....	<b>%</b>	<b>2.50%</b>

9. Defined contribution

The required contribution amount of the Company and certain consolidated subsidiaries was ¥6,773 million (\$62,236 thousand)

and ¥6,867 million for the years ended March 31, 2020 and 2019, respectively.

## 10. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Balance at beginning of year .....	¥ 501,354	¥ 44,302	\$ 4,606,765
Additional provisions .....	20,792	72,674	191,050
Reduction .....	(13,866)	(15,622)	(127,415)
Balance at end of year .....	¥ 508,279	¥ 501,354	\$ 4,670,400

## 11. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Short-term loans from banks and other sources with weighted-average interest rate of 0.3866% and 0.3824% at March 31, 2020 and 2019, respectively	¥ 440,521	¥ 416,096	\$ 4,047,795

Commercial paper included in short-term borrowings in the above table was ¥296,000 million (\$2,719,838 thousand) and ¥270,000 million as of March 31, 2020 and 2019, respectively.

Weighted-average interest rate of commercial paper is not included in the calculation of the weighted-average interest rate described in the above table.



## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

### 12. DETAILS OF EXTRAORDINARY LOSSES

**Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies** – Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies accounts for the estimated amount of investment losses in overseas business.

The breakdown is ¥6,554 million (\$60,222 thousand) in valuation loss on investment of subsidiaries and associated companies, ¥2,710 million (\$24,901 thousand) in provision for doubtful debt and ¥14,876 million (\$1,366,902 thousand) in provision for loss on guarantees.

**Loss on disaster** – The Company accounts for loss on disaster; loss on disposal of property, plant, and equipment, which is equal to the book value of destroyed assets, and extraordinary loss, which represents restoration costs for equipment damaged by typhoon No. 21, that occurred in 2018.

The amounts included in loss on disposal of property, plant, and equipment for the year ended March 31, 2019, were ¥17 million for provision for reserve for disaster restoration costs and ¥3 million for losses on disposal of property, plant, and equipment.

The amounts included in extraordinary loss for the year ended March 31, 2019, were ¥2,086 million for provision for reserve for disaster restoration costs and ¥10,720 million for restoration costs.

**Investment loss on subsidiaries and associated companies** – The Company accounts for investment loss at overseas power businesses as investment loss on subsidiaries and associated companies.

### 13. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

#### (a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit and Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company has not prescribed so in its articles of incorporation.

The Companies Act permits companies to distribute dividends in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

#### (b) Increases/decreases and transfer of common stock, reserve, and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account that was charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

#### (c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

#### 14. INCOME TAXES

The Group is subject to taxes based on income, such as corporate income tax and inhabitant tax, which, in the aggregate, resulted in normal statutory tax rates of approximately 28.0% for the years

ended March 31, 2020 and 2019. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2020 and 2019, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
<b>Deferred tax assets:</b>			
Liability for retirement benefits .....	<b>¥ 103,913</b>	¥ 104,653	<b>\$ 954,828</b>
Net operating tax loss carryforwards .....	<b>77,729</b>	103,047	<b>714,232</b>
Depreciation and amortization .....	<b>90,872</b>	92,809	<b>834,994</b>
Asset retirement obligations .....	<b>57,652</b>	58,756	<b>529,747</b>
Intercompany profit elimination .....	<b>25,463</b>	24,631	<b>233,971</b>
Other .....	<b>166,222</b>	168,907	<b>1,527,362</b>
Valuation allowance (net operating tax loss carryforwards) .....	<b>(31,408)</b>	(29,826)	<b>(288,604)</b>
Valuation allowance .....	<b>(78,923)</b>	(75,724)	<b>(725,200)</b>
Total valuation allowance .....	<b>(110,332)</b>	(105,550)	<b>(1,013,804)</b>
<b>Total deferred tax assets .....</b>	<b>411,522</b>	447,256	<b>3,781,330</b>
<b>Deferred tax liabilities:</b>			
Unrealized gain on available-for-sale securities .....	<b>(18,882)</b>	(22,659)	<b>(173,506)</b>
Special account related to nuclear power decommissioning .....	<b>(18,182)</b>	(20,414)	<b>(167,069)</b>
Asset equal to asset retirement obligations .....	<b>(11,132)</b>	(13,226)	<b>(102,288)</b>
Other .....	<b>(17,882)</b>	(19,880)	<b>(164,316)</b>
<b>Total deferred tax liabilities .....</b>	<b>(66,079)</b>	(76,182)	<b>(607,180)</b>
<b>Net deferred tax assets .....</b>	<b>¥ 345,442</b>	¥ 371,074	<b>\$ 3,174,150</b>

## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

The expiration of net operating tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2020 was as follows:

March 31, 2020	Millions of Yen						Total
	One Year or Less	After One Year through Two Years	After Two Years through Three Years	After Three Years through Four Years	After Four Years through Five Years	After Five Years	
Net operating tax loss carryforwards (a) .....	<b>¥ 180</b>	<b>¥ 32,372</b>	<b>¥ 6,150</b>	<b>¥ 25,578</b>	<b>¥ 32</b>	<b>¥ 13,414</b>	<b>¥ 77,729</b>
Less valuation allowance .....	<b>(180)</b>	<b>(7,165)</b>	<b>(177)</b>	<b>(20,057)</b>	<b>(29)</b>	<b>(3,797)</b>	<b>(31,408)</b>
Deferred tax assets .....		<b>25,206</b>	<b>5,972</b>	<b>5,521</b>	<b>3</b>	<b>9,617</b>	<b>(b) 46,321</b>

March 31, 2020	Thousands of U.S. Dollars						Total
	One Year or Less	After One Year through Two Years	After Two Years through Three Years	After Three Years through Four Years	After Four Years through Five Years	After Five Years	
Net operating tax loss carryforwards (a) .....	<b>\$ 1,660</b>	<b>\$ 297,462</b>	<b>\$ 56,513</b>	<b>\$ 235,036</b>	<b>\$ 299</b>	<b>\$ 123,260</b>	<b>\$ 714,232</b>
Less valuation allowance .....	<b>(1,660)</b>	<b>(65,844)</b>	<b>(1,634)</b>	<b>(184,305)</b>	<b>(266)</b>	<b>(34,892)</b>	<b>(288,604)</b>
Deferred tax assets .....		<b>231,617</b>	<b>54,878</b>	<b>50,730</b>	<b>32</b>	<b>88,367</b>	<b>(b) 425,627</b>

(a) The Company calculates the amount of "Net operating tax loss carryforwards" by multiplying the normal effective statutory tax rate.

(b) The Company considers deferred tax assets as of March 31, 2020, as recoverable based on past and current consolidated taxable income and prospects of future consolidated taxable income.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2020 and 2019, is as follows:

	2020	2019
Normal effective statutory tax rate .....	<b>28.0%</b>	28.0%
Less valuation allowance .....	<b>4.1</b>	4.7
Dividends received deduction .....	<b>(2.6)</b>	(0.2)
Other – net .....	<b>0.8</b>	0.7
<b>Actual effective tax rate .....</b>	<b>30.3%</b>	33.2%

(Note) The breakdown that caused the deference indicates the major item in the year ended March 31, 2020, and reflects the year ended March 31, 2019. Therefore, in the year

ended March 31, 2019, (0.2)% of "Dividends received deduction" category posted that included in "Other."

## 15. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥11,923 million (\$109,557 thousand) and ¥12,000 million for the years ended March 31, 2020 and 2019, respectively.

## 16. RELATED-PARTY DISCLOSURES

Related-party transactions of the Group with associated companies for the years ended March 31, 2020 and 2019, were as follows:

### (1) 2020

Category	Name	Address	Capital Stock or Stake Millions of Yen	Description of Business
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	<b>¥400,000</b>	Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes
Voting Right	Relationship with Related Party	Detail of Transactions	Transaction Amount	
			Millions of Yen	Thousands of U.S. Dollars
<b>17.3%</b>	Contract on uranium enrichment and disposal of low-level radioactive wastes A director concurrently serves as the Company's director and was transferred from the Company.	Coguarantees or guarantees of loans and bonds	<b>¥ 150,363</b>	<b>\$ 1,381,639</b>

### (2) 2019

Category	Name	Address	Capital Stock or Stake Millions of Yen	Description of Business
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	<b>¥400,000</b>	Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes
Voting Right	Relationship with Related Party	Detail of Transactions	Transaction Amount	
			Millions of Yen	
<b>16.6%</b>	Contract on uranium enrichment and disposal of low-level radioactive wastes A director concurrently serves as the Company's director and was transferred from the Company.	Coguarantees or guarantees of loans and bonds	<b>¥ 164,582</b>	

## 17. LEASES

Because of insignificant amounts of investment in leases, the Company has omitted notation in the notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

### 18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### (1) Policy for Financial Instruments

The Group uses long-term debt, including bonds and loans, to fund capital expenditures and debt repayments for operating electric power and other businesses if funds on hand are insufficient. Short-term borrowings, mainly commercial paper, are used to fund the ongoing operations. Investment of funds is managed through short-term deposits.

The Group raises debt capital, mainly denominated in Japanese yen, with fixed interest rates. The redemption periods are decided considering the financial environment and other factors.

Investment securities are held in equity investments principally in relation to the business of electric power.

Derivatives are not used for speculative purposes, but to manage exposure to financial risks, as described in (2) below.

#### (2) Nature and Extent of Risks Arising from Financial Instruments

Although accounts receivable are exposed to customer credit risk, electricity charges, the major part of accounts receivable, are generally collected within 30 days after reading meters. Investment securities, mainly equity securities, held for operation of the electric power business are exposed to the risk of market price fluctuations.

Payment terms of accounts are generally less than one year. Imports of fuels are payable in foreign currencies and are exposed to the market risk of fluctuation in foreign currency exchange rates. Long-term loans with variable interest rates are exposed to market risks from changes in interest rates.

Bonds, loans, and commercial paper are exposed to liquidity risk. Most of the Group financing is from yen-dominated and fixed rate loans, but some borrowing is based on foreign currencies and floating interest rates. Repayment term is determined after broad considerations of the financial environment and other factors.

Corporate bonds that are based on foreign currencies are exposed to the risks of fluctuating exchange rates.

Therefore, when issuing bonds denominated in foreign currencies, we use currency swaps to hedge these risks.

Derivatives mainly include forward foreign currency contracts, currency swaps, interest rate swaps, and commodity swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of payables, changes in interest rates of long-term loans, and changes in fuel prices. Please see Note 19 for more details on derivatives.

### (3) Risk Management for Financial Instruments

#### Market risk management

Investment securities are managed by reviewing their necessity in the business of electric power, and by monitoring market values and financial positions of issuers on a regular basis.

Foreign exchange risk of foreign currency trade payables is hedged principally by forward foreign currency contracts.

Interest rate swaps are used to manage exposure to market risks from changes in interest rates of long term loans with variable interest rates.

#### Liquidity risk management

The Group manages liquidity risk by ensuring ready liquidity at the required level, along with financial planning, prepared and updated in a timely manner by the Accounting Department of the Company and each subsidiary.



**(4) Fair Values of Financial Instruments**

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Please see Note 19 for details of the fair value of derivatives.

**(a) Fair value of financial instruments**

March 31, 2020	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities .....	¥ 137,254	¥ 137,296	¥ 42
Cash and cash equivalents .....	255,458	255,458	
Receivables .....	316,956	316,956	
<b>Total .....</b>	<b>¥ 709,670</b>	<b>¥ 709,712</b>	<b>¥ 42</b>
Long-term debt .....	¥ 3,656,143	¥ 3,679,403	¥ 23,260
Short-term borrowings .....	440,521	440,521	
Notes and accounts payable .....	212,420	212,420	
Accrued income taxes .....	13,919	13,919	
<b>Total .....</b>	<b>¥ 4,323,005</b>	<b>¥ 4,346,265</b>	<b>¥ 23,260</b>
Derivatives .....	¥ 23,452	¥ 23,452	

## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

Some investment securities are included in other current assets in the consolidated balance sheet.

Long-term debt includes current maturities of long-term debt

in the consolidated balance sheet.

Derivatives are stated at the net amount.

March 31, 2019	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities .....	¥ 168,758	¥ 168,815	¥ 57
Cash and cash equivalents .....	158,978	158,977	
Receivables .....	342,145	342,145	
<b>Total .....</b>	<b>¥ 669,882</b>	<b>¥ 669,939</b>	<b>¥ 57</b>
Long-term debt .....	¥ 3,437,376	¥ 3,483,328	¥ 45,952
Short-term borrowings .....	416,096	416,096	
Notes and accounts payable .....	195,659	195,659	
Accrued income taxes .....	13,361	13,361	
<b>Total .....</b>	<b>¥ 4,062,493</b>	<b>¥ 4,108,445</b>	<b>¥ 45,952</b>
Derivatives .....	¥ (10,641)	¥ (10,641)	

March 31, 2020	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities .....	\$ 1,261,181	\$ 1,261,568	\$ 387
Cash and cash equivalents .....	2,347,319	2,347,319	
Receivables .....	2,912,404	2,912,404	
<b>Total .....</b>	<b>\$ 6,520,905</b>	<b>\$ 6,521,293</b>	<b>\$ 387</b>
Long-term debt .....	\$ 33,595,000	\$ 33,808,728	\$ 213,727
Short-term borrowings .....	4,047,795	4,047,795	
Notes and accounts payable .....	1,951,857	1,951,857	
Accrued income taxes .....	127,900	127,900	
<b>Total .....</b>	<b>\$ 39,722,554</b>	<b>\$ 39,936,281</b>	<b>\$ 213,727</b>
Derivatives .....	\$ 215,498	\$ 215,498	

### Investment securities

The fair values of investment securities are measured at the quoted market price on the stock exchange for the equity instruments or at the quoted price obtained from the financial institution. Information related to the fair value of investment securities by classification is included in Note 6.

### Cash and cash equivalents and receivables

The carrying values of cash and cash equivalents and receivables approximate fair value because of their short maturities.

### Long-term debt

The fair values of loans are determined by discounting the cash flows related to the debt at the Group's assumed corporate

borrowing rate.

The fair values of corporate bonds approximate market value.

### Short-term borrowings, notes and accounts payable, and accrued income taxes

The carrying values of short-term borrowings, notes and accounts payable, and accrued income taxes approximate fair value because of their short maturities.

### Derivatives

Fair value information for derivatives is included in Note 19.

(b) Financial instruments whose fair value cannot be reliably determined were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Investments in equity instruments that do not have a quoted market price in an active market .....	¥ 30,989	¥ 36,912	\$ 284,751
Invested instruments and other .....	38,583	25,410	354,530

(c) Maturity analysis for financial assets and securities with contractual maturities was as follows:

March 31, 2020	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Investment securities:				
Held-to-maturity securities .....	¥ 130	¥ 795	¥ 200	¥ 500
Available-for-sale securities with contractual maturities .....		200		
Cash and cash equivalents .....	255,458			
Receivables .....	284,658	1,812	11	

March 31, 2020	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Investment securities:				
Held-to-maturity securities .....	\$ 1,194	\$ 7,304	\$ 1,837	\$ 4,594
Available-for-sale securities with contractual maturities .....		1,837		
Cash and cash equivalents .....	2,347,319			
Receivables .....	2,615,621	16,651	105	

Please see Note 8 for annual maturities of long-term debt.

## 19. DERIVATIVES

The Group principally uses foreign exchange forward contracts, currency swaps, interest rate swaps, and commodity swaps in the normal course of business to manage their exposure to fluctuations in foreign exchange, interest rates, fuel prices, and so on. The Group does not enter into derivatives for trading or speculative purposes. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

The counterparties to these derivatives are limited to major international financial institutions with high credit ratings. The Group, therefore, does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group has been made in accordance with internal policies which regulate the authorization and credit limit amount.

### Derivative Transactions to Which Hedge Accounting is Not Applied

March 31, 2020	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt) .....	¥ 5,134	¥ 2,195	¥ (751)	¥ (751)
<b>March 31, 2019</b>				
Currency swaps (U.S. dollar payment, Japanese yen receipt) .....	¥ 10,237	¥ 5,134	¥ (1,468)	¥ (1,468)
March 31, 2020	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt) .....	\$ 47,203	\$ 20,171	\$ (6,905)	\$ (6,905)

## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

## Derivative Transactions to Which Hedge Accounting is Applied

March 31, 2020	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Buying U.S. dollars .....	Fuel purchasing fund	¥ 219,075	¥ 219,075	¥ 27,163
Currency swaps				
(Japanese yen payment, US dollar receipt) .....	Bond	53,820	53,820	
Foreign exchange forward contracts:				
Buying U.S. dollars .....	Fuel purchasing fund	2,586	1,812	70
Principle treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt) .....	Long-term debt	191,160	190,444	(2,716)
Special hedging treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt) .....	Long-term debt	287,859	223,841	(*)
Commodity swaps				
(fixed price payment, floating price receipt) .....	Fuel	3,800		(313)

March 31, 2019	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Buying U.S. dollars .....	Fuel purchasing fund	¥ 219,075	¥ 219,075	¥ (6,272)
Foreign exchange forward contracts:				
Buying U.S. dollars .....	Fuel purchasing fund	1,282	562	28
Principle treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt) .....	Long-term debt	56,376	55,660	(2,213)
Special hedging treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt) .....	Long-term debt	343,579	281,167	(*)
Commodity swaps				
(fixed price payment, floating price receipt) .....	Fuel	19,141		(715)

March 31, 2020	Hedged Item	Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Buying U.S. dollars .....	Fuel purchasing fund	\$ 2,013,005	\$ 2,013,005	\$ 249,599
Currency swaps				
(Japanese yen payment, US dollar receipt) .....	Bond	494,532	494,532	
Foreign exchange forward contracts:				
Buying U.S. dollars .....	Fuel purchasing fund	23,770	16,656	650
Principle treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt) .....	Long-term debt	1,756,506	1,749,931	(24,964)
Special hedging treatment:				
Interest rate swaps				
(fixed price payment, floating price receipt) .....	Long-term debt	2,645,042	2,056,796	(*)
Commodity swaps				
(fixed price payment, floating price receipt) .....	Fuel	34,919		(2,880)

(\*) The fair values of interest rate swaps are included in that of the hedged item because the interest rate swaps qualify for hedge accounting and meet specific matching criteria.

The fair values of derivative transactions are measured at the quoted price obtained from the financial institution.

## 20. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
<b>Unrealized loss on available-for-sale securities:</b>			
(Losses) gains arising during the year .....	¥ (29,273)	¥ (8,985)	\$ (265,801)
Reclassification adjustments to profit (loss) .....	990	(116)	5,919
Amount before income tax effect .....	(28,282)	(9,102)	(259,882)
Income tax effect .....	8,143	2,567	74,824
<b>Total</b> .....	<b>¥ (20,139)</b>	<b>¥ (6,535)</b>	<b>\$ (185,057)</b>
<b>Deferred gain (loss) on derivatives under hedge accounting:</b>			
Gain (loss) arising during the year .....	¥ 30,824	¥ (2,885)	\$ 283,231
Reclassification adjustments to profit (loss) .....	25	(2)	236
Adjustments to acquisition costs of assets .....	2,231	(1,027)	20,507
Amount before income tax effect .....	33,081	(3,914)	303,974
Income tax effect .....	(6,802)	(2,235)	(62,501)
<b>Total</b> .....	<b>¥ 26,279</b>	<b>¥ (6,150)</b>	<b>\$ 241,473</b>
<b>Foreign currency translation adjustments:</b>			
Adjustments arising during the year .....	¥ (1,884)	¥ (2,757)	\$ (17,313)
<b>Defined retirement benefit plans:</b>			
Adjustments arising during the year .....	¥ (605)	¥ (1,868)	\$ (5,561)
Reclassification adjustments to profit .....	3,056	4,867	28,085
Amount before income tax effect .....	2,451	2,998	22,524
Income tax effect .....	(696)	(849)	(6,401)
<b>Total</b> .....	<b>¥ 1,754</b>	<b>¥ 2,148</b>	<b>\$ 16,123</b>
<b>Share of other comprehensive income in associates:</b>			
(Losses) gains arising during the year .....	¥ (4,110)	¥ (1,744)	\$ (37,771)
Reclassification adjustments to profit .....	2,935	265	26,977
<b>Total</b> .....	<b>¥ (1,174)</b>	<b>¥ (1,479)</b>	<b>\$ (10,793)</b>
<b>Total other comprehensive income</b> .....	<b>¥ 4,835</b>	<b>¥ (14,773)</b>	<b>\$ 44,431</b>



## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

### 21. COMMITMENTS AND CONTINGENCIES

At March 31, 2020, the Group had firm purchase commitments, principally related to utility plant expansion, of approximately ¥715,607 million (\$6,575,452 thousand). Additionally, the Group had a

number of fuel purchase commitments, most of which specify quantities and terms. Purchase prices are principally contingent upon fluctuations of market prices.

At March 31, 2020, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
	2020	2020
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited (Note 16) .....	¥ 150,363	\$ 1,381,639
Other .....	60,769	558,379
<b>Total</b> .....	<b>¥ 211,132</b>	<b>\$ 1,940,018</b>
A guarantee about power supply for PT Bhumi Jati Power .....	¥ 3,467	\$ 31,861
Fuel purchase commitment with Able Energy Limited Liability Company .....		

### 22. NET INCOME PER SHARE

Diluted net income per share ("EPS") for the years ended March 31, 2020 and 2019, is not disclosed because the Group does not issue dilutive securities.

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares		EPS
<b>For the year ended March 31, 2020</b>				
Basic EPS:				
Net income attributable to common shareholders .....	¥ 130,002	893,162	¥ 145.55	\$ 1.33
<b>For the year ended March 31, 2019</b>				
Basic EPS:				
Net income attributable to common shareholders .....	¥ 115,077	893,240	¥ 128.83	

As noted in Note 4.a, the Company applied the BIP Trust mechanism. In calculating the number of weighted-average

shares above, the number of shares that are held by the Trust (139,900 shares in 2020) is reflected.

## 23. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

### 1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is performed in order to decide how resources are allocated among the Group.

The Group's operating segments consist of Electric Power, Gas/Other Energies, IT/Communications, real estate, and so on in accordance with the "Kansai Electric Power Group Medium-Term Management Plan (2016-2018)," and are decided based on the quantitative thresholds given "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information"(ASBJ Statement No. 17).

The aggregate of the Electric Power and Gas/Other Energies segments is presented as the Comprehensive Energy/Power Transmission and Distribution Business.

### 2. Matters on the changes of reportable segments

The Company established the "Kansai Electric Power Group Medium-term Management Plan (2019-2021)" in March 2019 and announced its intention to fulfill its responsibilities to provide electricity power safely and stably and make efforts to enhance its business foundation with a focus on "Safety as the Company's Top Priority" and "Fulfilling Corporate Social Responsibilities" as key guidelines for action, and develop its business accordingly. In accordance with the above, the Company changed the reportable segments from this consolidated fiscal year.

The main changes are that the other businesses included in the "Other" reportable segment are rearranged in accordance with their goals and business activities.

Specifically, consolidated subsidiaries in the value chain of the Comprehensive Energy business/Power Transmission and Distribution business, which contribute to the enhancement of

competitiveness from both sales and cost aspects, and such companies that expand comprehensive energy-related business overseas are included in the "Gas/Other Energies business." Also, companies that provide common solutions for business are included in the "Life/Business Solutions business" together with the "Real Estate business."

Furthermore, segment information for the previous consolidated accounting period was reclassified after such changes, and the profit of reportable segments was changed from an "Operating Income" basis to an "Ordinary Income" basis in accordance with the financial goal of the Kansai Electric Power Group.

### 3. Change in depreciation method for tangible fixed assets

As discussed in Note 2.c, of these consolidated fiscal year statements, the Company and its consolidated subsidiaries have changed in the primary depreciation method for tangible fixed assets from the declining-balance method to the straight-line method.

Due to this change, the profits of "Electric Power business" and "Gas/Other Energies business" of the reportable segments increased by ¥46,382 million (\$426,187 thousand) and ¥3,106 million (\$28,540 thousand), respectively, and "Reconciliations" by ¥1,078 million (\$9,905 thousand), compared to the previous depreciation method.

## Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2020

### 4. Methods of measurement for the amounts of sales, profit, assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

Information about sales, profit, assets, and other items is as follows:

	Millions of Yen							
	2020							
	Reportable Segment							
	Comprehensive Energy / Power Transmission and Distribution Business							
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Life/Business support	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥ 2,505,441	¥ 333,766	¥ 2,839,207	¥ 220,347	¥ 124,704	¥ 3,184,259		¥ 3,184,259
Intersegment sales or transfers	22,710	280,942	303,653	70,338	48,650	422,642	¥ (422,642)	
Total	¥ 2,528,151	¥ 614,709	¥ 3,142,860	¥ 290,686	¥ 173,354	¥ 3,606,902	¥ (422,642)	¥ 3,184,259
Segment profit	¥ 123,843	¥ 45,029	¥ 168,873	¥ 34,142	¥ 20,574	¥ 223,589	¥ (12,047)	¥ 211,541
Segment assets	6,146,636	1,280,052	7,426,688	356,308	675,924	8,458,921	(846,192)	7,612,729
Other:								
Depreciation	187,717	25,719	213,436	53,949	9,296	276,682	(4,709)	271,972
Interest income	1,342	1,929	3,272	4	132	3,409	(1,367)	2,042
Interest expenses	22,805	2,997	25,803	494	685	26,982	(1,106)	25,875
Equity gains of associated companies		13,872	13,872			13,872		13,872
Increase in property and intangible assets	445,196	43,705	488,901	41,179	51,325	581,407	(19,467)	561,939
Investment in associated companies that applied the equity method		273,788	273,788			273,788		273,788

	Millions of Yen							
	2019							
	Reportable Segment							
	Comprehensive Energy / Power Transmission and Distribution Business							
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Life/Business support	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥ 2,668,312	¥ 300,275	¥ 2,968,587	¥ 217,541	¥ 121,532	¥ 3,307,661		¥ 3,307,661
Intersegment sales or transfers	20,558	255,013	275,572	48,321	47,803	371,697	¥ (371,697)	
Total	¥ 2,688,870	¥ 555,289	¥ 3,244,160	¥ 265,862	¥ 169,335	¥ 3,679,358	¥ (371,697)	¥ 3,307,661
Segment profit	¥ 137,102	¥ 30,074	¥ 167,177	¥ 32,034	¥ 22,054	¥ 221,266	¥ (17,630)	¥ 203,636
Segment assets	5,859,348	1,163,982	7,023,330	335,902	637,998	7,997,231	(739,867)	7,257,363
Other:								
Depreciation	244,486	28,822	273,308	55,479	8,869	337,657	(5,673)	331,984
Interest income	1,207	2,308	3,516	4	14	3,534	(1,227)	2,306
Interest expenses	26,568	3,351	29,920	822	606	31,349	(918)	30,430
Equity gains of associated companies		11,671	11,671			11,671		11,671
Increase in property and intangible assets	366,340	28,011	394,351	39,020	60,371	493,742	(8,442)	485,299
Investment in associated companies that applied the equity method		264,700	264,700			264,700		264,700

	Thousands of U.S. Dollars							
	2020							
	Reportable Segment							
	Comprehensive Energy / Power Transmission and Distribution Business							
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Life/Business support	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	\$ 23,021,604	\$ 3,066,861	\$26,088,465	\$ 2,024,694	\$ 1,145,864	\$ 29,259,025		\$ 29,259,025
Intersegment sales or transfers	208,679	2,581,481	2,790,160	646,319	447,031	3,883,512	\$ (3,883,512)	
Total	\$ 23,230,283	\$ 5,648,342	\$28,878,626	\$2,671,014	\$1,592,896	\$ 33,142,537	\$ (3,883,512)	\$ 29,259,025
Segment profit	\$ 1,137,953	\$ 413,761	\$ 1,551,714	\$ 313,719	\$ 189,050	\$ 2,054,484	\$ (110,702)	\$ 1,943,782
Segment assets	56,479,247	11,761,945	68,241,192	3,273,993	6,210,824	77,726,011	(7,775,360)	69,950,651
Other:								
Depreciation	1,724,871	236,322	1,961,194	495,720	85,420	2,542,335	(43,274)	2,499,061
Interest income	12,334	17,730	30,065	44	1,220	31,329	(12,565)	18,764
Interest expenses	209,555	27,540	237,095	4,539	6,297	247,933	(10,171)	237,761
Equity gains of associated companies		127,472	127,472			127,472		127,472
Increase in property and intangible assets	4,090,750	401,594	4,492,345	378,384	471,612	5,342,342	(178,877)	5,163,465
Investment in associated companies that applied the equity method		2,515,740	2,515,740			2,515,740		2,515,740

## INDEPENDENT AUDITOR'S REPORT



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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Kansai Electric Power Company, Incorporated:

#### Opinion

We have audited the consolidated financial statements of The Kansai Electric Power Company, Incorporated and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

#### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

As discussed in Note 2.c. to the consolidated financial statements of the Group as of and for the year ended March 31, 2020, from this consolidated accounting period, the Company and its consolidated subsidiaries have changed the primary depreciation method for tangible fixed assets from the declining-balance method to the straight-line method. Our opinion is not modified in respect of this matter.

#### Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material

Member of  
Deloitte Touche Tohmatsu Limited

## INDEPENDENT AUDITOR'S REPORT

misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Deloitte Touche Tohmatsu LLC*

June 25, 2020



# **The Kansai Electric Power Company, Incorporated**

Unaudited Non-Consolidated Financial Statements  
for the Year Ended March 31, 2020

**Non-Consolidated Balance Sheet**

The Kansai Electric Power Company, Incorporated March 31, 2020

**ASSETS**

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
<b>PROPERTY:</b>			
Plant and equipment .....	<b>¥ 14,912,470</b>	¥ 15,205,528	<b>\$ 137,025,367</b>
Construction in progress .....	<b>743,620</b>	569,123	<b>6,832,862</b>
Contributions in aid of construction .....	<b>(473,575)</b>	(470,032)	<b>(4,351,515)</b>
Accumulated depreciation and amortization .....	<b>(11,175,140)</b>	(11,452,350)	<b>(102,684,373)</b>
Plant and equipment – net .....	<b>4,007,375</b>	3,852,269	<b>36,822,340</b>
Nuclear fuel, net of amortization .....	<b>509,313</b>	506,278	<b>4,679,898</b>
Property – net .....	<b>4,516,688</b>	4,358,548	<b>41,502,238</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities .....	<b>107,615</b>	118,636	<b>988,839</b>
Investments in and advances to subsidiaries and associated companies .....	<b>975,002</b>	870,778	<b>8,958,949</b>
Long-term loans receivable .....	<b>240</b>	282	<b>2,206</b>
Special account related to nuclear power decommissioning .....	<b>65,038</b>	73,025	<b>597,616</b>
Special account related to reprocessing of spent nuclear fuel .....	<b>87,960</b>	56,134	<b>808,237</b>
Deferred tax assets .....	<b>286,216</b>	310,478	<b>2,629,943</b>
Other assets .....	<b>138,655</b>	105,377	<b>1,274,054</b>
Total investments and other assets .....	<b>1,660,729</b>	1,534,712	<b>15,259,846</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents .....	<b>213,309</b>	125,522	<b>1,960,029</b>
Accounts receivable .....	<b>229,361</b>	258,947	<b>2,107,522</b>
Allowance for doubtful accounts .....	<b>(1,675)</b>	(1,981)	<b>(15,392)</b>
Inventories .....	<b>70,895</b>	68,544	<b>651,431</b>
Other current assets .....	<b>58,549</b>	60,277	<b>537,988</b>
Total current assets .....	<b>570,441</b>	511,310	<b>5,241,580</b>
<b>TOTAL</b> .....	<b>¥ 6,747,858</b>	¥ 6,404,571	<b>\$ 62,003,665</b>

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥108.83= U.S. \$1, the approximate rate of exchange at March 31, 2020.

## LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
<b>LONG-TERM LIABILITIES</b>			
Long-term debt, less current maturities .....	¥ 2,956,449	¥ 2,730,103	\$ 27,165,762
Liability for retirement benefits .....	334,372	334,360	3,072,431
Accrued contributions for reprocessing of irradiated nuclear fuel .....	0	10,900	0
Asset retirement obligations .....	498,361	493,275	4,579,267
Other long-term liabilities .....	249,648	258,862	2,293,929
Total long-term liabilities .....	4,038,832	3,827,502	37,111,391
<b>CURRENT LIABILITIES:</b>			
Current maturities of long-term debt .....	501,400	466,496	4,607,189
Short-term borrowings .....	130,000	130,000	1,194,523
Commercial paper .....	296,000	270,000	2,719,838
Accounts payable .....	117,438	115,230	1,079,100
Payable to subsidiaries and associated companies .....	249,759	208,848	2,294,949
Reserve for disaster restoration costs .....	0	1,301	0
Provision for loss on guarantees .....	14,876	0	136,696
Accrued expenses and other current liabilities .....	370,925	381,704	3,408,305
Total current liabilities .....	1,680,400	1,573,581	15,440,603
<b>RESERVE FOR FLUCTUATIONS IN WATER LEVEL .....</b>	<b>27,431</b>	<b>28,389</b>	<b>252,062</b>
<b>EQUITY:</b>			
Common stock-authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2020, and 2019 .....	489,320	489,320	4,496,193
Capital surplus			
Additional paid-in capital .....	67,031	67,031	615,925
Retained earnings:			
Legal reserve .....	45,197	40,729	415,307
Unappropriated .....	454,691	424,740	4,177,999
Unrealized gain on available-for-sale securities .....	41,738	50,476	383,518
Deferred loss on derivatives under hedge accounting .....	(75)	(510)	(691)
Treasury stock – at cost 45,296,320 shares in 2020, and 45,275,989 shares in 2019 .....	(96,711)	(96,689)	(888,644)
Total equity .....	1,001,193	975,097	9,199,608
<b>TOTAL .....</b>	<b>¥ 6,747,858</b>	<b>¥ 6,404,571</b>	<b>\$ 62,003,665</b>

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥108.83= U.S. \$1, the approximate rate of exchange at March 31, 2020.

## Non-Consolidated Statements of Income

The Kansai Electric Power Company, Incorporated Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
<b>OPERATING REVENUES:</b>			
Electricity operating revenues:			
Residential .....	¥ 816,921	¥ 899,541	\$ 7,506,403
Commercial and industrial .....	1,272,471	1,312,728	11,692,289
Other .....	438,758	476,600	4,031,590
Sub-total .....	2,528,151	2,688,870	23,230,284
Incidental operating revenues .....	130,684	108,320	1,200,815
Total .....	2,658,836	2,797,191	24,431,099
<b>OPERATING EXPENSES:</b>			
Electricity operating expenses:			
Personnel expenses .....	207,442	216,540	1,906,113
Fuel costs .....	456,934	538,227	4,198,607
Cost of purchased power .....	454,182	516,874	4,171,892
Maintenance costs .....	194,224	177,078	1,784,662
Depreciation .....	187,676	244,444	1,724,496
Taxes .....	134,819	140,031	1,238,811
Other .....	768,522	715,095	7,061,676
Sub-total .....	2,403,647	2,548,293	22,086,260
Incidental operating expenses .....	129,519	114,909	1,190,107
Total .....	2,533,167	2,663,203	23,276,368
<b>OPERATING INCOME</b> .....	125,669	133,988	1,154,730
<b>OTHER (INCOME) EXPENSES:</b>			
Interest and dividends income .....	(13,942)	(16,697)	(128,112)
Interest expense .....	22,805	26,568	209,555
Other – net .....	(8,204)	(6,396)	(75,389)
Total .....	658	3,474	6,052
<b>EXTRAORDINARY EXPENSES</b>			
Loss on disaster .....	0	10,280	0
Provision for loss on guarantees .....	14,876	0	136,696
Total extraordinary expenses .....	14,876	10,280	136,696
<b>INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES</b> .....	125,010	120,232	1,148,678
<b>PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL</b> .....	(957)	(558)	(8,797)
<b>INCOME BEFORE INCOME TAXES</b> .....	111,091	120,791	1,020,779
<b>INCOME TAXES</b>			
Current .....	4,507	487	41,419
Deferred .....	27,483	32,868	252,531
Total .....	31,990	33,356	293,951
<b>NET INCOME</b> .....	¥ 79,100	¥ 87,435	\$ 726,828

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥108.83= U.S. \$1, the approximate rate of exchange at March 31, 2020.

## Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated Year Ended March 31, 2020

	Millions of Yen									
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus		Retained Earnings		Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Total Equity
			Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated				
<b>BALANCE, APRIL 1, 2018</b> .....	938,733,028	¥ 489,320	¥ 67,031		¥ 36,708	¥ 381,540	¥ (96,387)	¥ 57,569	¥ (1,840)	¥ 933,942
Cash dividends .....					4,021	(44,234)				(40,213)
Net income .....						87,435				87,435
Purchase of treasury stock .....							(304)			(304)
Disposal of treasury stock .....				(1)			2			1
Transfer to capital surplus										
from retained earnings .....				1		(1)				
Net change in the year .....								(7,092)	1,329	(5,763)
<b>BALANCE, MARCH 31, 2019</b> .....	938,733,028	¥ 489,320	¥ 67,031		¥ 40,729	¥ 424,740	¥ (96,689)	¥ 50,476	¥ (510)	¥ 975,097
Cash dividends .....					4,467	(49,147)				(44,679)
Net income .....						79,100				79,100
Purchase of treasury stock .....							(24)			(24)
Disposal of treasury stock .....				(1)			2			1
Transfer to capital surplus										
from retained earnings .....				1		(1)				0
Net change in the year .....								(8,738)	435	(8,302)
<b>BALANCE, MARCH 31, 2020</b> .....	938,733,028	¥ 489,320	¥ 67,031		¥ 45,197	¥ 454,691	¥ (96,711)	¥ 41,738	¥ (75)	¥ 1,001,193

	Thousands of U.S. Dollars								
		Capital Surplus		Retained Earnings					
	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Total Equity
<b>BALANCE, MARCH 31, 2019</b> .....	\$4,496,193	\$615,925		\$374,252	\$3,902,784	\$ (888,445)	\$463,810	\$ (4,694)	\$8,959,826
Cash dividends .....				41,054	(451,602)				(410,547)
Net income .....					726,828				726,828
Purchase of treasury stock .....						(225)			(225)
Disposal of treasury stock .....			(11)			27			15
Transfer to capital surplus									
from retained earnings .....			11		(11)				
Net change in the year .....							(80,291)	4,002	(76,289)
<b>BALANCE, MARCH 31, 2020</b> .....	\$4,496,193	\$615,925		\$415,307	\$4,177,999	\$ (888,644)	\$383,518	\$ (691)	\$9,199,608

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥108.83= U.S. \$1, the approximate rate of exchange at March 31, 2020.

## Five-Year Summary of Selected Operational Data

The Kansai Electric Power Company, Incorporated and Its Subsidiaries March 31, 2020

	Non-Consolidated Basis					Consolidated Basis				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Operating Revenues (Millions of Yen) .....	2,868,293	2,614,440	2,683,945	2,797,191	<b>2,658,836</b>	3,245,906	3,011,337	3,133,632	3,307,661	<b>3,184,259</b>
Operating Income (Millions of Yen) .....	208,566	164,524	165,421	133,988	<b>125,669</b>	256,702	217,747	227,551	204,853	<b>206,956</b>
Ordinary Income (Millions of Yen) .....	200,142	143,720	145,506	130,513	<b>125,010</b>	241,651	196,125	217,104	203,636	<b>211,541</b>
Net Income (Millions of Yen) .....	118,540	103,064	103,036	87,435	<b>79,100</b>	140,800	140,789	151,880	115,077	<b>130,002</b>
Total Ordinary Revenues (Millions of Yen) .....	2,913,347	2,653,410	2,704,940	2,823,795	<b>2,686,998</b>					
Residential .....	1,063,806	999,811	995,959	899,541	<b>816,921</b>					
Commercial and Industrial .....	1,530,231	1,296,832	1,240,661	1,312,728	<b>1,272,471</b>					
Total .....	2,594,038	2,296,643	2,236,621	2,212,270	<b>2,089,393</b>					
Other .....	319,309	356,766	468,318	611,525	<b>597,604</b>					
Total Ordinary Expenses (Millions of Yen) .....	2,713,205	2,509,690	2,559,433	2,693,282	<b>2,561,987</b>					
Personnel Expenses .....	196,724	204,685	217,222	216,540	<b>207,442</b>					
Fuel Costs .....	710,326	523,544	520,117	538,227	<b>456,934</b>					
Backend Expenses of Nuclear Power .....	37,669	32,203	59,959	89,863	<b>83,569</b>					
Maintenance Costs .....	185,351	189,583	184,106	177,078	<b>194,224</b>					
Taxes Other Than Income Taxes .....	148,032	148,428	144,796	144,460	<b>139,243</b>					
Depreciation .....	281,790	277,485	250,710	244,444	<b>187,676</b>					
Cost of Purchased Power .....	493,577	461,657	466,719	516,874	<b>454,183</b>					
Interest Expense .....	46,790	42,956	33,380	26,568	<b>22,805</b>					
Other .....	612,940	629,144	682,420	739,221	<b>815,907</b>					
Interest Expense (Millions of Yen) .....	46,790	42,956	33,380	26,568	<b>22,805</b>	51,322	48,391	37,219	30,430	<b>25,875</b>
Return on Equity (ROE) (%) .....	17.2	12.9	11.5	9.2	<b>8.0</b>	12.7	11.3	10.9	7.8	<b>8.3</b>
Return on Assets (ROA) (%) .....	3.7	3.0	3.0	2.5	<b>2.2</b>	3.9	3.4	3.7	3.3	<b>3.2</b>
Net Income per Share (Yen) .....	132.63	115.32	115.30	97.85	<b>88.53</b>	157.59	157.58	170.01	128.83	<b>145.55</b>
Cash Dividends per Share (Yen) .....	0.00	25.00	35.00	50.00	<b>50.00</b>					
Capital Investments (Millions of Yen) .....	254,183	232,458	295,449	369,361	<b>445,196</b>	369,302	344,098	407,012	485,299	<b>561,939</b>
Total Assets (Millions of Yen) .....	6,433,093	5,834,912	5,946,115	6,404,571	<b>6,747,858</b>	7,412,472	6,853,182	6,985,088	7,257,363	<b>7,612,729</b>
Net Assets (Millions of Yen) .....	742,044	858,486	933,942	975,097	<b>1,001,193</b>	1,201,831	1,344,696	1,472,797	1,532,946	<b>1,641,754</b>
Equity Ratio (%) .....	11.5	14.7	15.7	15.2	<b>14.8</b>	15.9	19.3	20.8	20.9	<b>21.0</b>
Interest-bearing Debt (Millions of Yen) .....	3,496,559	3,401,081	3,359,960	3,582,164	<b>3,870,197</b>	3,938,279	3,821,550	3,708,240	3,853,472	<b>4,096,665</b>
Net Assets per Share (Yen) .....	830.28	960.60	1,045.09	1,091.38	<b>1,120.61</b>	1,319.33	1,480.46	1,627.66	1,695.36	<b>1,792.31</b>
Free Cash Flows (Millions of Yen) .....						204,255	139,919	176,028	(88,130)	<b>(113,961)</b>
Operating Cash Flows (Millions of Yen) .....						595,154	485,669	623,266	449,716	<b>463,408</b>
Operating Revenues from Group Businesses (external sales) (Billions of Yen) .....						450.5	455.1	537.5	639.3	<b>678.8</b>
Ordinary Income from Group Businesses (Billions of Yen) .....						69.5	61.0	75.7	88.6	<b>87.6</b>
Number of Employees .....	19,914	19,533	19,243	18,884	<b>18,141</b>	33,089	32,666	32,527	32,597	<b>31,850</b>



	Non-Consolidated Basis					
	2016	2017	2018	2019	2020	
Electricity Sales Volume (Million kWh)						Kansai Electric Power Group Overview
Residential .....	44,053	43,689	41,767	37,671	<b>34,832</b>	
Commercial and Industrial .....	83,463	77,811	73,477	80,155	<b>78,159</b>	
Total .....	127,516	121,500	115,244	117,826	<b>112,992</b>	
Electricity Generation Capacity (MW)						Feature
Nuclear .....	8,928	8,928	6,578	6,578	<b>6,578</b>	
Thermal .....	19,408	19,408	19,430	19,441	<b>15,766</b>	
Hydropower .....	8,225	8,226	8,226	8,228	<b>8,234</b>	
Renewable Energies .....	11	11	11	11	<b>11</b>	
Total .....	36,573	36,573	34,245	34,259	<b>30,590</b>	
Power Sources (%)						Value Creation
Nuclear .....	1	0	10	22	<b>21</b>	
Thermal .....	82	84	70	56	<b>54</b>	
Hydropower .....	12	11	12	11	<b>12</b>	
Renewable Energies .....	3	4	4	4	<b>4</b>	
Other .....	2	1	4	7	<b>9</b>	
Total .....	100	100	100	100	<b>100</b>	
CO <sub>2</sub> emissions of the Group's domestic power generation business (Million t-CO <sub>2</sub> ) .....	42.9	40.4	34.2	30.4	<b>28.5</b>	Business Strategies
CO <sub>2</sub> emission factor of the Group's domestic power generation business (Kg-CO <sub>2</sub> /kWh) .....	0.422	0.424	0.357	0.287	<b>0.287</b>	
Nuclear Capacity Factor (%) .....	1.0	0.0	18.0*	54.6	<b>48.4</b>	
Thermal Efficiency of Thermal Power Plants (Lower heating value) (%) .....	46.6	47.6	48.3	49.0	<b>48.6</b>	
System Peak Demand in Kansai Area (MW) .....	27,048	26,569	26,376	28,650	<b>28,162</b>	
FTTH services (Thousand Lines) .....	1,590	1,625	1,630	1,642	<b>1,650</b>	Foundation to Support Value Creation
Gas Sales Volumes (LNG conversion [gas and LNG total]) (Thousand Tonnes) .....	720	710	970	1,210	<b>1,390</b>	

\* Calculated based on the output before Notification of Change of Electrical Facilities (determination of the date of decommissioning of Ohi Power Station Units 1 & 2).

## Corporate Information

Company outline / Stock Information As of March 31, 2020

Company name:	The Kansai Electric Power Company, Incorporated	Number of common shares issued:	938,730 thousand
Head office:	3-6-16 Nakanoshima, Kita-ku, Osaka 530-8270, Japan	Number of shareholders:	295,658
Date of establishment:	May 1, 1951	Stock exchange listings: (Common stock)	Tokyo Stock Exchange
Paid-in capital:	¥489.3 billion	Transfer Agent:	Mitsubishi UFJ Trust and Banking Corporation
Operating revenues:	¥3,184.2 billion (consolidated), ¥2,658.8 billion (non-consolidated)		6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502, Japan
Total assets:	¥7,612.7 billion (consolidated), ¥6,747.8 billion (non-consolidated)		
Number of employees*:	31,850 (consolidated), 18,141 (non-consolidated)		
Electricity sales:	112.9 billion kWh		
Main business:	Electric power, gas supply, heat supply, telecommunications,		

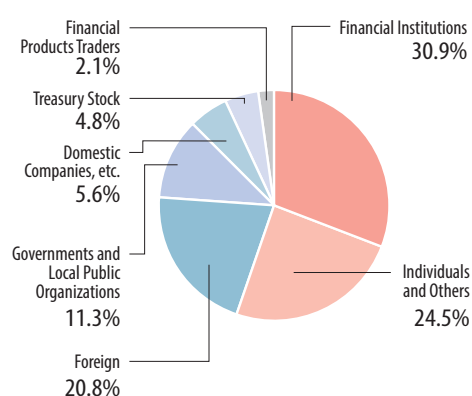
\* Number of working employees excluding employees on loan and on leave of absence.

### Major shareholders As of March 31, 2020

Name of Shareholders	Ratio of the Number of Shares Held to the Total Number of Shares Issued (%)	Number of Shares Held (thousands)
Osaka City	7.64	68,287
The Master Trust Bank of Japan, Ltd. (Trust Account)	5.87	52,496
Japan Trustee Services Bank, Ltd. (Trust Account)	4.13	36,889
Nippon Life Insurance Company	3.07	27,462
Kobe City	3.06	27,351
Kansai Electric Power Employee Stockholder Program	2.14	19,154
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2.09	18,661
Mizuho Bank, Ltd.	1.94	17,378
Osaka Metro Co., Ltd.	1.73	15,461
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.73	15,445

Note : The ratio of the number of shares held to the total number of shares issued is calculated by subtracting treasury stock (45,159,705 shares). Treasury stock is excluded from the above table.

### Distribution of shares As of March 31, 2020



# Group Companies (Consolidated subsidiaries and affiliates accounted for by the equity method)

(As of July 31, 2020)

## ● Consolidated subsidiaries 81 companies

### Comprehensive energy / Transmission and distribution business

Kansai Transmission and Distribution, Inc.  
Kanden Energy Solution Co., Inc.  
SAKAI LNG Corp.  
Kanden Engineering Corp.  
ECHIZEN ENELINE CO., INC.  
Fukui City Gas Co., Ltd.  
NIHON NETWORK SUPPORT CO., LTD.  
Kanden Plant Corp.  
Kanden E House Co., Ltd.  
The Kurobe Gorge Railway Co., Ltd.  
Aioi Bioenergy Corporation  
Institute of Nuclear Safety System, Inc.  
NEWJEC INC.  
Next Power Company  
Kanden Power-Tech, Corp.  
Nuclear Engineering, Ltd.  
KANSO CO., LTD.  
KANDEN GAS SUPPORT CO., INC.  
The Kanden Services Co., Inc.  
Osaka Bioenergy Co., Ltd.  
KE Fuel International Co., Ltd.  
Biopower Kanda LLC  
LNG EBISU Shipping Corporation  
LNG FUKUROKUJU Shipping Corporation  
LNG JUROJIN Shipping Corporation  
LNG SAKURA Shipping Corporation  
Kansai Electric Power Holdings Australia Pty Ltd  
Kansai Electric Power Australia Pty Ltd  
Kansai Sojitz Enrichment Investing S.A.S.  
KE Fuel Trading Singapore Pte. Ltd.  
Kansai Energy Solutions (Thailand) Co., Ltd.  
KPIC Netherlands B.V.  
KPIC USA, LLC

10 other companies in addition to the above listed

### Information and telecommunications (IT)

OPTAGE Inc.  
Kanden Systems Inc.  
K4 Digital Co., Inc.

4 other companies in addition to the above listed

### Life / Business solution business

Kanden Realty & Development Co., Ltd.  
Clearpass Co., Ltd.  
KANDEN Security of Society, Inc.  
KANSAI Medical Net Co., Inc.  
Kanden Joy Life Co., Ltd.  
Kanden L-Heart Co., Inc.  
Kanden Facilities Co., Ltd.  
Kanden Life Support Co., Ltd.  
Kansai Electron Beam Co., Ltd.  
Kanden CS Forum Inc.  
Kanden Office Work Co., Inc.  
The Kanden L & A Co., Ltd.  
KANDEN AMENIX Corp.  
K4 Ventures GK

17 other companies in addition to the above listed

## ● Affiliates accounted for by the equity method Four companies

### Comprehensive energy / Transmission and distribution business

JAPAN NUCLEAR FUEL LIMITED  
KINDEN CORPORATION  
ENEGATE Co., Ltd.  
San Roque Power Corporation

Kansai Electric Power Group  
Overview

Feature

Value Creation

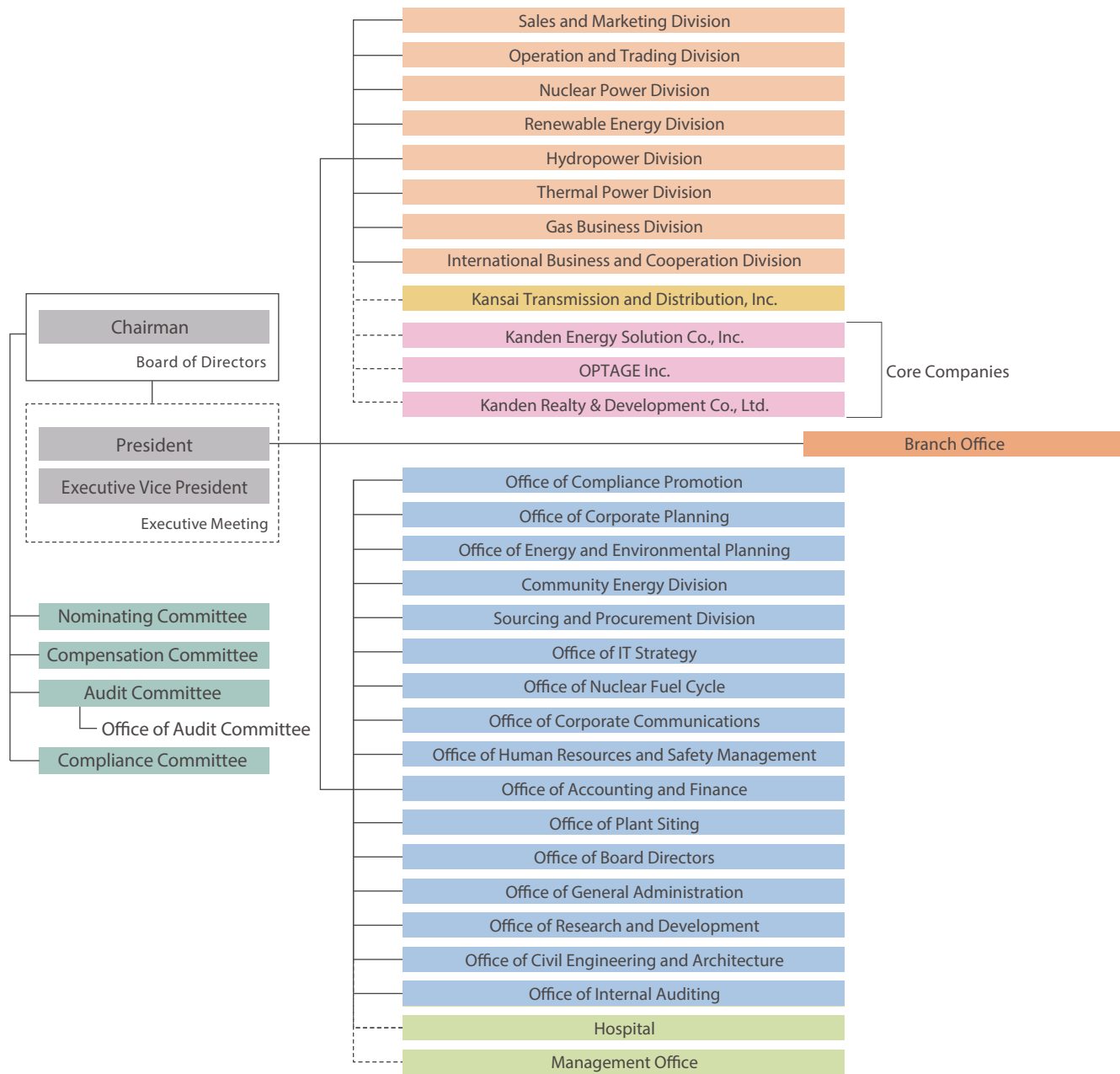
Business Strategies

Foundation to  
Support Value Creation

Financial and  
Corporate Information

Organization Chart

(As of June 1, 2020)



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*power with heart*

We wish to be a source of power for our customers and communities by serving them with sincerity and passion.