

*power with heart*

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

# INTEGRATED REPORT 2021

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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.

In March 2021, the Group newly formulated the Kansai Electric Power Group Management Philosophy Purpose & Values, and based on this management philosophy, developed the Kansai Electric Power Group Medium-term Management Plan (2021-2025) as a five-year action plan to make a leap forward to become a corporate group that provides various social infrastructure services. In addition, as a “leading company in achieving a zero-carbon energy,” we have set up the Zero Carbon Vision 2050 to more voluntarily and proactively respond to global warming issues.

This report sets out our specific efforts based on the above philosophy, plan, and vision, and contains the Group’s financial and nonfinancial information systematically as an effort to enhance the disclosure content, so we can convey our story of value creation in order 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

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Scope of Report

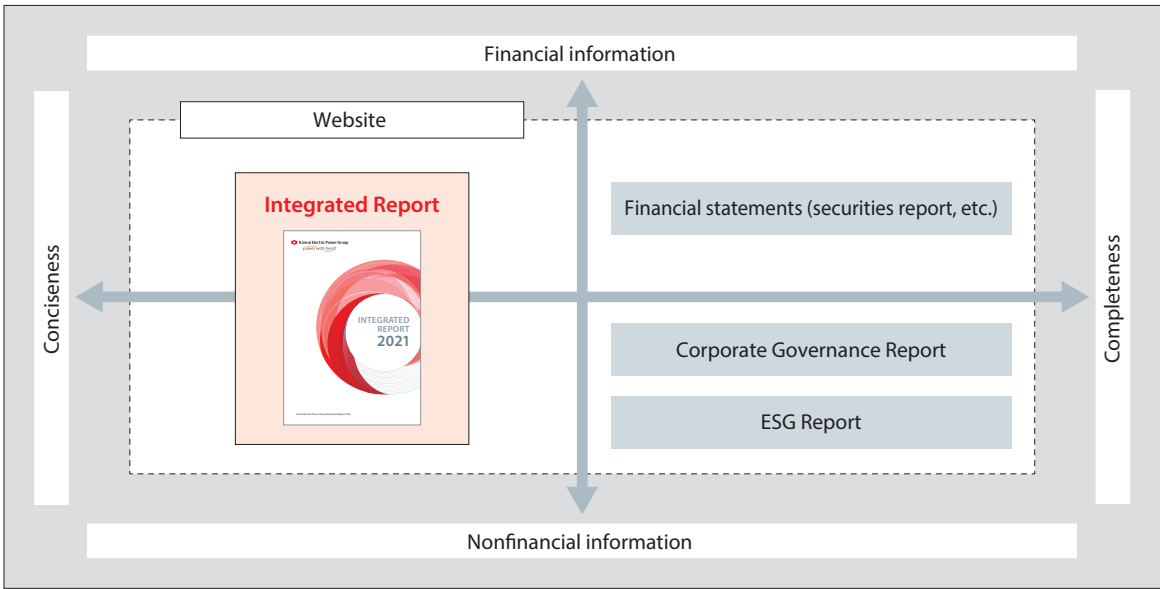
Period covered: April 1, 2020 to March 31, 2021  
(We will also report on important information that may fall outside of that time frame.)  
Companies covered: The Kansai Electric Power Co., Inc., and Kansai Electric Power Group companies.

“The Company” refers to the Kansai Electric Power, Co., Inc.; the names of the various group companies are clearly stated in the relevant text. Unless otherwise specified, initiatives taken by the Kansai Electric Power, Co., Inc. and Kansai Transmission and Distribution, Inc. are provided.

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.

Positioning of this report



# Kansai Electric Power Group Purpose & Values

In March 2021, we formulated the Kansai Electric Power Group Purpose & Values as our new management philosophy. Under this philosophy, the Group's ultimate overarching concept, the Group has announced that it will carry out business activities that promote the Values of Fairness, Integrity, Inclusion, and Innovation to achieve its Purpose of Serving and Shaping the Vital Platform for a Sustainable Society for the benefit of its customers and society.

存在意義 Purpose

## 「あたりまえ」を守り、創る

Serving and Shaping the Vital Platform  
for a Sustainable Society

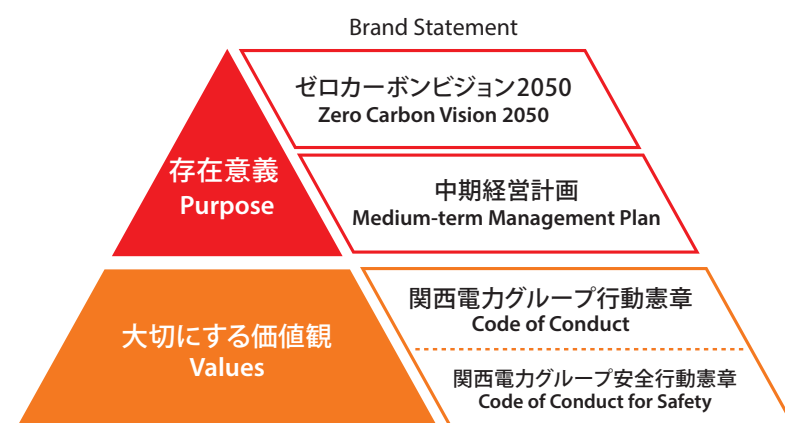
大切にしている価値観 Values

**公正** × **誠実** × **共感** × **挑戦**  
Fairness × Integrity × Inclusion × Innovation

私たちは、安全を守り抜くことを前提に、  
「公正」「誠実」「共感」「挑戦」を大切に行動します

With dedication to safety and security, we will act upon the values of Fairness, Integrity, Inclusion and Innovation

We have positioned our Zero Carbon Vision 2050 and Medium-term Management Plan as the concrete embodiment of our Purpose, and the Kansai Electric Power Group Code of Conduct and Kansai Electric Power Group Code of Conduct for Safety as an enactment of the Values we hold dear. Our Brand Statement forms a concise summary to publicize the Group's corporate stance internally and to the public.



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.

### Formulating the management philosophy

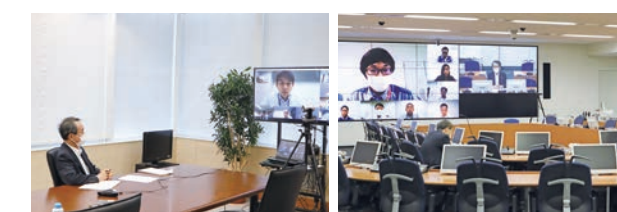
To formulate our new management philosophy, we enacted the following process: we assembled a review team comprising mid-level employees, including those from group companies, and through discussions with frontline staff and other methods, the team was able to gather employee feedback. The resulting proposals for the new philosophy were then given to management, who took them on board. Management then held repeated discussions, while exchanging opinions with outside directors and Compliance Committee members, and summarized their findings in the Purpose and Values detailed above.



Mid-level employees discussing the management philosophy

### Activities to implement the management philosophy

We have established an activity plan to spread awareness of the new management philosophy among all employees and to promote putting it into practice in daily tasks. Based on this plan, we are actively working on activities that include opinion exchanges between management and employees, varied types of training, workplace-specific discussions, and support activities for group companies. One aspect of the activities is the Conduct Cards, which list the Management Philosophy, Compliance Checklist, and Safe Action Declaration, that we distribute to all employees to carry. The backs of the cards display each employee's personal conduct vows, and employees use these cards to check their conduct and goals in their own work.



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 COVID-19)



# Message from the President



Takashi Morimoto

Director, Representative Executive Officer, President

**Our purpose is to serve and shape the platform vital to a sustainable society now and in future years for our customers and society at large.**

## 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 its stated mission of “continuing to serve our customers and communities.”

Two years ago, it came to light that some of our executives accepted cash and gifts from individuals from outside the Company. As a result, the Group’s business activities suffered major damage in terms of trust from our customers and society—on which we rely more than anything.

To regain the trust we forfeited, we must aim for a rebirth as a company that our customers, and all of society, deem necessary. To that end, in June 2020, we shifted our corporate structure to a company with a nominating committee, etc. Under this new business management structure, which incorporates outside, objective standpoints, we have been pouring all of our energies into a whole host of reforms to prevent a recurrence. In March this year, reflecting on our mistakes over this incident, we formulated a new management

philosophy as our guidelines that will form the foundation of what we aspire to become and how we should behave.

Furthermore, in order to respond appropriately to the rapidly changing business environment, characterized by a harsh management situation and trends such as decarbonization

and digitalization, we have set a new Medium-term Management Plan. We are reviewing our management strategies and have taken the first step toward achieving sustainable growth and a greater leap forward.

## Aiming to be a corporate group that customers and society can trust

Taking the cash/gift receiving incident and other factors into account, in March last year we formulated business improvement plans to ensure such an incident will not happen again. Since then, we have put all of the measures outlined in the plans into action, and are working as one throughout the Group on such efforts as reforming governance and thoroughly implementing compliance.

In terms of governance reforms, under our business management structure of a company with a nominating committee, etc., we have made a clear distinction between the execution of management and its supervision. Throughout a range of processes related to management decisions, we have developed a system whereby transparency and objectivity are ensured. Eight of the Board of Directors’ fourteen members are outside directors, and this has led to extremely lively discussions at every meeting. I believe that we now have a highly appropriate level of governance that is both robust and transparent.

For compliance, we established a Compliance Committee, for which the majority of members are outside experts. I can genuinely feel the effect that they are having by expanding our training systems and enhancing our whistleblowing systems to foster and propagate awareness of compliance to every corner of the Group.

By the end of August 2021, management—including outside directors—has held a total of around 180 discussions with employees and we are making steady progress at cultivating a more open corporate culture.

Of these initiatives, the one that we put particular emphasis on in the last fiscal year was the formulation of a new set of

principles to guide our management of the Group—the Kansai Electric Power Group Purpose & Values. Reflecting on a series of issues, we knew we needed to go back a step and make reforms aimed at what we aspire to become and how we should behave.

To that end, we reviewed our management philosophy. This involved employees, including those from group companies, looking at what our purpose should be as a part of society and what we should value through our actions. Their proposals formed the basis for more than half a year of thorough deliberations that involved repeated exchanges with outside directors and Compliance Committee members, which bore fruit in the form of finalized concepts in March this year.

The newly formulated management philosophy comprises two parts: our Purpose and our Values. The former details our Purpose of Serving and Shaping the Vital Platform for a Sustainable Society for the benefit of our customers and society so as to continue to match customers’ and society’s current expectations and to create those of the future. The latter, the Values that we hold dear, are Fairness, Integrity, Inclusion, and Innovation. We have positioned this management philosophy as an overarching concept for the Group and we are currently working to ensure awareness and understanding.

Going forward, we are continuing to steadily implement each of the initiatives outlined in our business improvement plans. In addition to efforts to raise their effectiveness, all Group employees will make this philosophy their own and implement its ideas in their daily actions. We will regain the trust we lost, and be reborn as a company that is once more needed, and chosen, by customers and society and we are doing everything we can to achieve this goal.

## Current management situation and direction of initiatives

In terms of the business environment that faces us, with increasingly fierce competition in the energy business, prices in the electric power market dropping, and stagnant electricity sales volumes, we are prepared for restricted earnings for the time being.

Meanwhile, trends such as decarbonization and

digitalization have led the business environment in which the Group operates to undergo massive changes. Decarbonization efforts, in particular, are accelerating in countries around the world; here in Japan, the prime minister Suga made an announcement during a general policy speech in October last year in which he declared that Japan would aim to be a



Message from the President

zero-carbon society by the year 2050. In a variety of spheres, from industry to households, transport, and others, responding to this declaration is a matter of urgency.

Taking that situation into consideration, in February this year, we established the Kansai Electric Power Group Zero Carbon Vision 2050, with the aim of contributing to the realization of a more sustainable society by making our existing carbon-

reduction initiatives even more advanced and even swifter.

In addition to those decarbonization efforts, we formulated the new Kansai Electric Power Group Medium-term Management Plan (2021–2025) as a new action plan for the coming five years in order to overcome growing competition and achieve sustainable growth.

Zero Carbon Vision 2050

As part of our Zero Carbon Vision 2050, we have declared our intent to reduce total Group emissions of CO<sub>2</sub> produced in our business activities to zero by 2050. To achieve this goal, we are coming together as one Group and pushing forward with a variety of initiatives on both the energy demand and supply fronts.

With regards to the supply side, we will forge forward with a move to zero-carbon power sources, with a dual focus on renewable and nuclear power, which are vital non-fossil-fuel sources. We will work to make renewable energy a key source of power, and as such we are pouring our efforts into offshore wind farms and other new developments. We will also strive to maximize the utilization of nuclear power, with safety our top priority, and we will make steady progress with our studies into next-generation light-water reactors. Thermal power, which has excellent adjusting capacity, we will take on the zero carbon challenge through measures such as applying CCUS technologies and utilizing fuels like hydrogen and ammonia.

Furthermore, in order to achieve decarbonization of our power sources while also providing a stable supply of electricity, we will need to bring in a next-generation electric power network. We will do our utmost to create a revolutionary network that uses cutting-edge technologies, such as digital transformation, or DX, and fuses centralized and decentralized systems.

For the other side of our supply, the customers who use our

energy, we will endeavor to make proposals for total solutions that support our customers in the move to carbon neutrality. These include proposals that combine renewable energy with storage batteries and other technologies and the promotion of electrification in all fields, including households, transport, and mobility—whether it be land, sea, or air.

Hydrogen is expected to be the next big energy source, and as well as utilizing it ourselves to generate electricity carbon-free, we aim to provide it to a wide range of customers as a supplier. By trying to establish a hydrogen supply chain, we will contribute to the realization of a hydrogen-oriented society.

If the current situation continues as it is, a zero-carbon society will not be possible unless we can be bold, work tenaciously, and even more than that, create epoch-making innovations. To achieve the goals of this Zero Carbon Vision, we set up an internal Zero Carbon Committee in April this year to combine the Group’s strengths and act as a driving force for such efforts.

Through its activities, the committee will act as a unifying body to understand and share groupwide efforts and accumulate expertise on the subject, and will, by the end of the current fiscal year, compile a roadmap aimed at achieving decarbonization by 2050. By leading measures to ensure carbon neutrality—in conjunction with our customers, business partners, local authorities, and other bodies—we will fulfill a central role in efforts to make Japan a zero-carbon society.

Leaping into the future: Kanden Transformation (KX)

Under the Kansai Electric Power Group Medium-term Management Plan (2021–2025), we are promoting three key initiatives—seeking to achieve zero-carbon emissions, transforming into a service provider, and building a robust corporate constitution—with establishing appropriate governance and furthering compliance as the basic premise of our business operations.

These key initiatives will help us to continue delivering new

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

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

The first of these key initiatives is seeking to achieve zero-carbon emissions. The road to a decarbonized society in 2050 is a long one, and a lot of what it holds is as yet uncertain. We will look to pursue and verify a wealth of the options that we can currently imagine, and nurture these as valuable choices. Over the five-year period of the plan, we will quickly shift implementation to those electricity supply and demand initiatives outlined in Zero Carbon Vision 2050 that we are able to achieve. In terms of the future technologies that we wish to develop, we will carefully probe the likelihood of their development as we work assiduously on their research, development, verification, and demonstration.

Through these initiatives, we plan on retaining our position at the top spot for the amount of zero-carbon power generation in Japan. At the same time, we will steadily work to reduce our CO<sub>2</sub> emissions to half of what they were in fiscal 2013 by the final fiscal year of the plan, 2025.

**Transforming into a service provider: Value Transformation (VX)**

The second key initiative is transforming into a service provider. Without letting ourselves be confined to our conventional, asset-focused business, we will work thoroughly to put ourselves in our customers’ shoes and face their needs and issues. We aim to transform ourselves into a corporate group that can continuously provide new value to our customers.

This new value will not be limited to electricity and gas sales, however. We plan to create new value by staying close to our diversifying customers and by offering a wealth of different solutions, including by providing services that combine electricity with such things as electrification devices, storage batteries, or e-mobility; and providing total support for customers as they move to zero-carbon operations by proposing a whole menu of decarbonization options. In fields

outside of electric power, too, we have turned our hand to several different business, including shrimp farming and travel services, in the past. Going forward, we will look for business opportunities in such diverse sectors as agriculture and food production or social infrastructure, and our intention is to set out a new breakthrough that will be a driver of growth for the Group.

**Building a robust corporate constitution: Business Transformation (BX)**

The third is building a robust corporate constitution. We find ourselves in a harsh business environment and so, in order to establish a sound corporate structure, we must promote cost restructuring and accelerate innovation and digitalization, among other measures, throughout all of our business activities. To start with, in the period between fiscal 2021 and 2023, we predict constrained earnings, and so we will take decisive action—reducing the fixed costs associated with our power sources, through DX or by raising the efficiency of less available power sources, and rationalizing fuel procurement and operations on both the supply and demand sides.

As part of this plan, we will aim for:

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

To achieve the new financial targets laid out in the plan, we will drive forward powerfully with the three key initiatives and attain a complete revolution for the Group—what we call Kanden Transformation (KX)—no matter what it takes. To open up a path to sustainable growth, we are resolved that the final fiscal year of the plan, 2025, will see the Group on a trajectory of stable growth and ready to take the next great leap forward.

Conclusion

That the Kansai Electric Power Group has continued in business for so many years owes everything to the trust placed in us by our customers and society. We wish to remain a company that is both needed and chosen by customers and society, and to that end we will come together as a Group and endeavor to restore that relationship of trust. We will repeatedly communicate with all stakeholders and listen carefully to the feedback they give us, as we steadily work on reforms.

Moreover, we will promote a thorough business restructuring and lead efforts toward the decarbonization of

society as we take on challenges in a variety of business fields. By transforming into a corporate group that can continuously provide new value, we will open up avenues to growth and contribute to the bringing about a more sustainable society.

We will do our very utmost to meet the expectations of you—our stakeholders—and so we ask for your continued invaluable understanding and support.

# The Business of Kansai Electric Power in Figures

## Energy business

### Sales

Operating revenues:  
• FY 2020 results  
¥ **2,358.6** billion

Retail electricity sales volume:  
• FY 2020 results  
**102.3** billion kWh

Gas sales volume:  
• FY 2020 results  
• LNG equivalent (gas and LNG total)  
**1,570,000** tonnes

### Power generation

Power sources:  
• FY 2020 results (Value at transmission end)  
• Generated by our company  
**89.6** billion kWh

Capacity of power-generating facilities:  
• As of March 31, 2021  
**29.391** GW

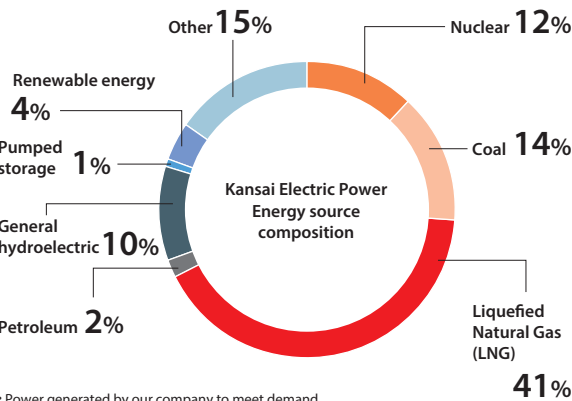
Number of power-generating facilities:  
• As of March 31, 2021  
**167** facilities

Capacity of power-generating facilities (breakdown by power source) • As of March 31, 2021

Thermal power	14.566 GW	(10 facilities)
Hydroelectric power	8.235 GW	(151 facilities)
Nuclear power	6.578 GW	(3 facilities)
Renewable energy	0.011 GW	(3 facilities)

• Our company's power-generating facilities only  
• Figures may not add up due to rounding off.

Composition of power sources (supply and demand record by source)  
• FY 2020 results

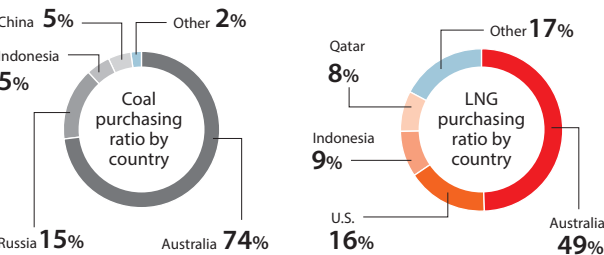
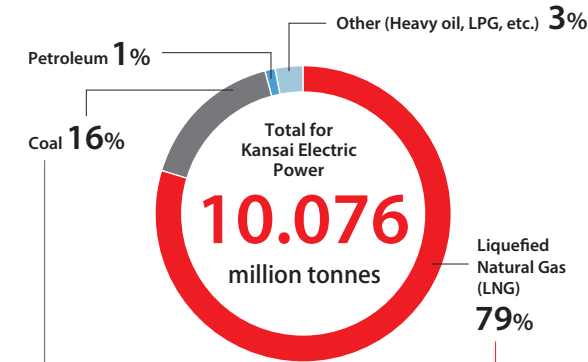


• Power generated by our company to meet demand  
• Includes power received from other companies.  
• Figures may not add up due to rounding off.

### Fuel procurement

Number of procurement source countries:  
• FY 2020 results  
**13** countries

Purchasing record of fuel for thermal power generation  
• FY 2020 results



Totals: LNG equivalent  
• The subtotals and totals might not match due to rounding off.

## Overseas energy business

Overseas power generation:  
• As of August 31, 2021

**21** projects in **11** countries

Capacity of overseas power-generating facilities (Our company's investment ratio):  
• As of August 31, 2021

**2.843** GW  
Breakdown: Thermal power: 1.778 GW  
Renewable energy: 1.055 GW

## 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 March 31, 2021

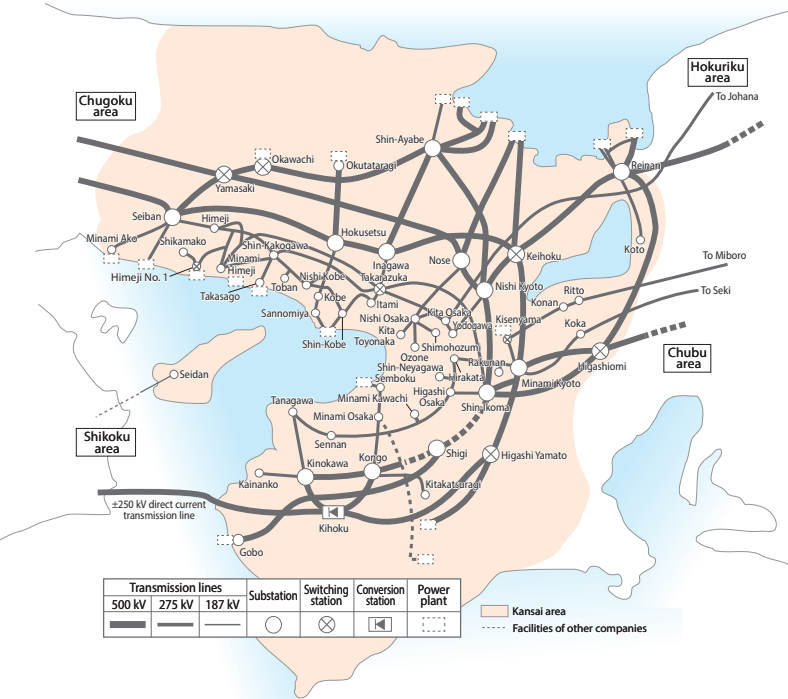
**18,851** km

Length of distribution lines (route length):  
• As of March 31, 2021

**132,880** km

Number of substations:  
• As of March 31, 2021 • Excludes distribution unit substations

**961**



## Group businesses

Number of group companies:  
• As of July 1, 2021  
• Consolidated subsidiaries and affiliates accounted for by the equity method

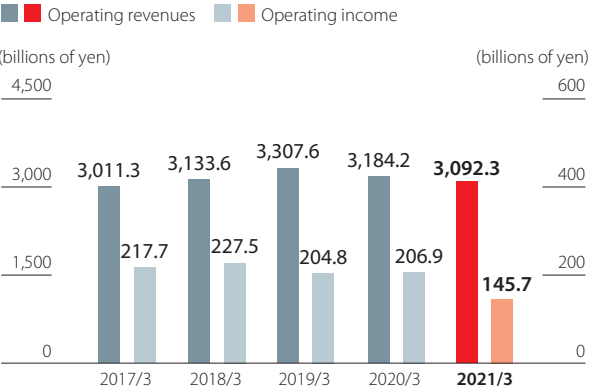
**97**

External sales in group businesses:  
• FY 2020 results

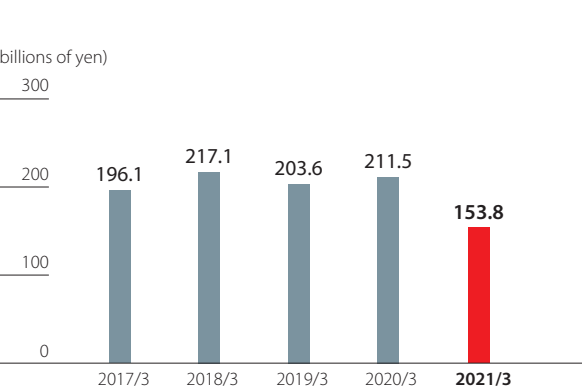
¥ **733.6** billion

# Financial and Nonfinancial Highlights

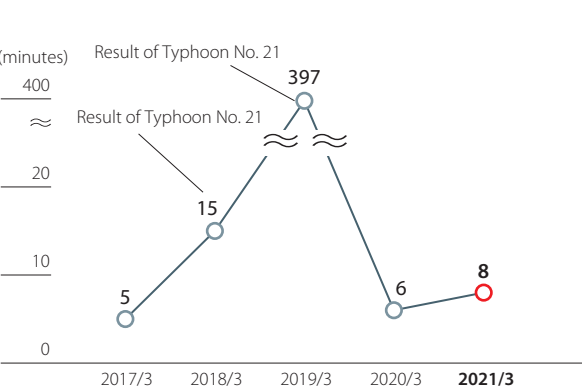
## Operating revenues / Operating income



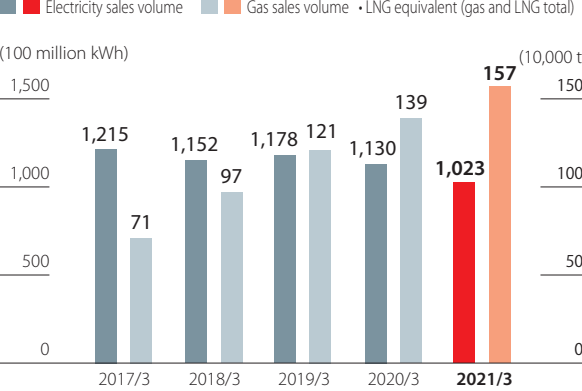
## Ordinary income



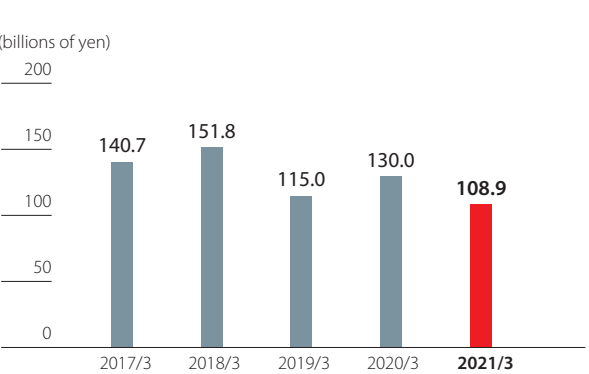
## Annual duration of power outage per household



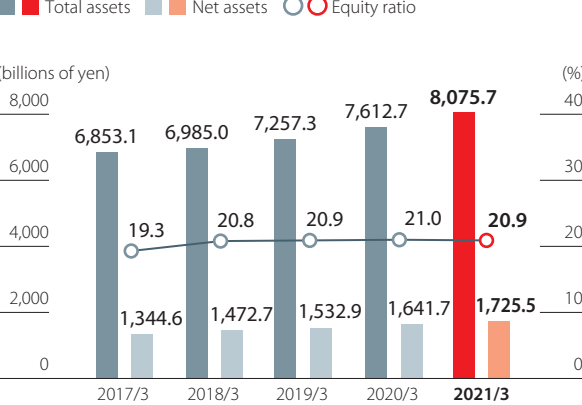
## Electricity sales volume / Gas sales volume



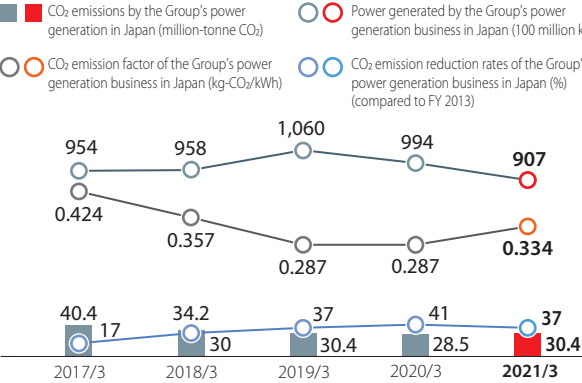
## Net income attributable to shareholders of the parent



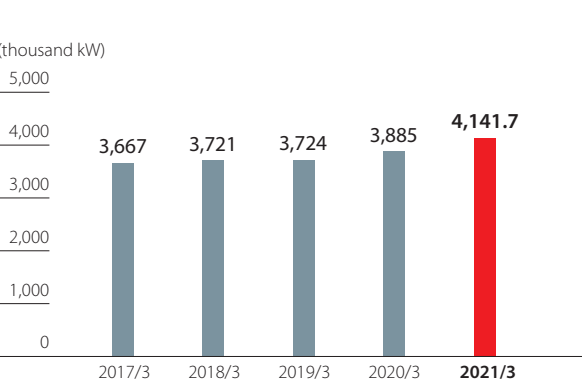
## Total assets, Net assets, Equity ratio



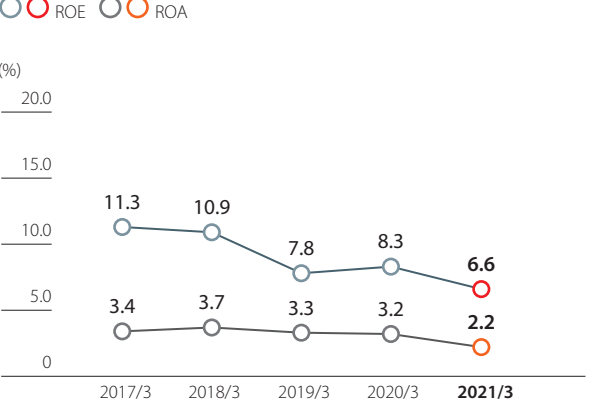
## Group's CO<sub>2</sub> emissions and CO<sub>2</sub> emission factors associated with power generation in Japan



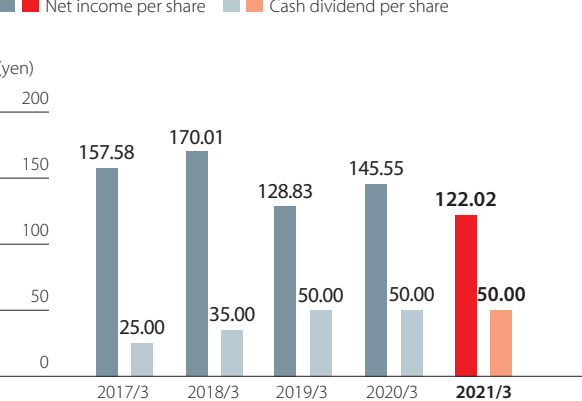
## Accumulated capacity of renewable energy source facilities (completed) projects that have started operation



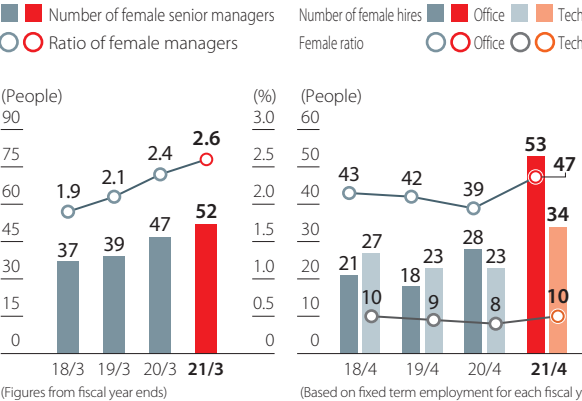
## ROE, ROA



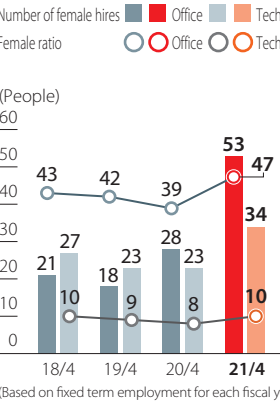
## Net income per share / Cash dividend per share



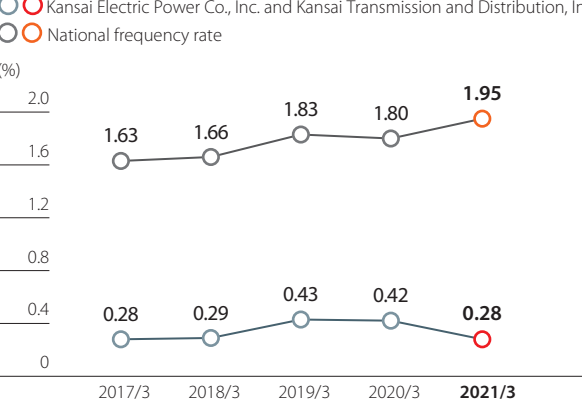
## Number of female senior managers\*1 and ratio of female managers\*2



## Number and ratio of female hires



## Accident frequency rate






# History of Value Creation

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 the Company does business has seen radical changes. In order to continue 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	1985	1990	1995	2011	2016	2020
	Rapid economic growth and dramatic increase in the demand for electrical power	Oil crisis	Liberalization of telecommunications	Bursting of the bubble economy	The Great Hanshin-Awaji Earthquake	The Great East Japan Earthquake	Full liberalization of electricity retail markets	Legal separation of power transmission and distribution business


## 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 Hikari Net**  
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.

**01 Zero-carbon power sources**

- Top spot for the amount of zero-carbon power generation in Japan
- Know-how related to the design, maintenance and operation of facilities for nuclear power generation and renewable energy

**02 Problem-solving power**


- Engineering capabilities built on the group business
- Expertise and know-how in energy management

**03 Comprehensive strengths of our Group**


- Customer base other than electricity sales through a wide range of group businesses
- Expertise and know-how built on the group business

**04 Correspondence to digitalization**


- Active introduction of cutting-edge IT infrastructures and IT technologies
- Expertise and know-how regarding digital technologies




**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. 2.6 million 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

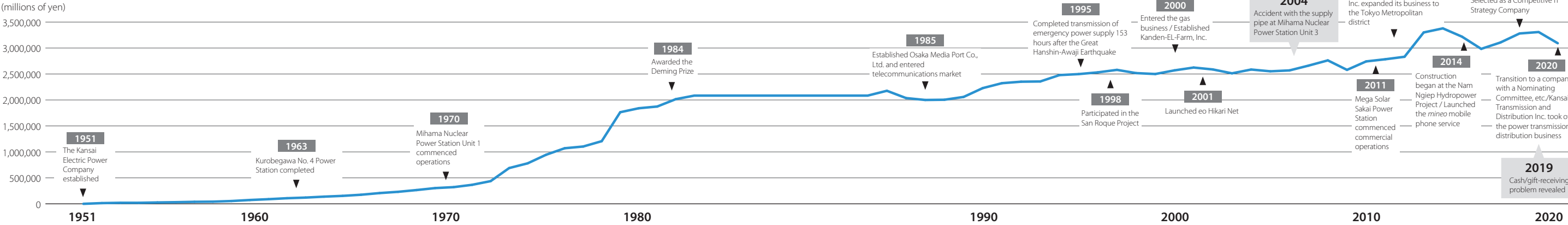


**2018: K4 Digital Co., Inc. established**  
K4 Digital was established to leverage digital technologies capable of creating new businesses and changing the business.



**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.

## Operating revenues



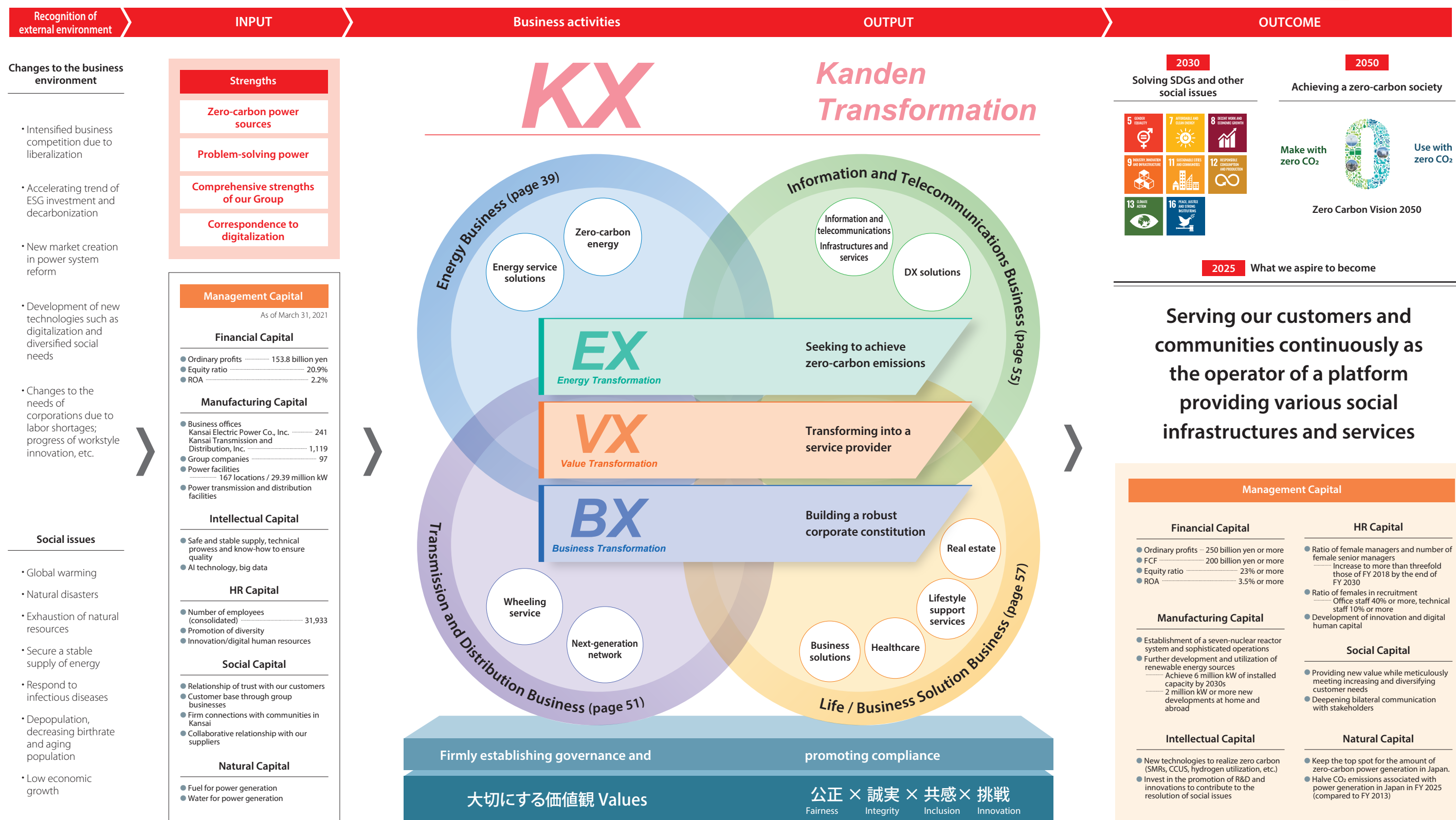
# Value Creation Process for the Kansai Electric Power Group

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 continuously serve our customers and communities as the operator of a platform providing various social infrastructures and services.

存在意義 Purpose

## 「あたりまえ」を守り、創る

Serving and Shaping the Vital Platform for a Sustainable Society





# Medium-term Management Plan

## KX Kanden Transformation

EXEnergy Transformation

VXValue Transformation

BXBusiness Transformation

### Kansai Electric Power Group Medium-term Management Plan (2021–2025)

Based on our new management philosophy, we have formulated the Kansai Electric Power Group Medium-term Management Plan (2021–2025), a five-year action plan, aiming to achieve sustainable growth while responding to the changing business environment.

Under the Plan, which positions firmly establishing governance and promoting compliance as the basic premise in business operations, we seek to achieve zero-carbon emissions, transform into a service provider, and build a robust corporate constitution toward the realization of “Kanden Transformation.” In line with the Plan, from fiscal 2021 to 2023, along with the completion of business structural reforms, we will steadily move forward with initiatives for future growth, and put the Group on a growth track to take the next leap forward in 2025.

## 1 | Review of the Medium-term Management Plan Based on the Business Environment

### ■ Environmental changes since the formulation of the Medium-term Management Plan (2019–2021)

Society	<ul style="list-style-type: none"><li>• The trend of decarbonization is gaining speed as exemplified by Japan’s 2050 Carbon Neutral Declaration.</li><li>• Social changes such as the digitalization of business caused by the novel coronavirus pandemic has accelerated the trend toward DX.</li></ul>
Energy Business	<ul style="list-style-type: none"><li>• Amid sluggish demand, massive introduction of renewable energy coupled with falling crude oil prices has led to a substantial decline in the electricity market price.</li><li>• Intensifying competition with power producers and suppliers (PPSs), etc. and the COVID-19 pandemic have pushed down our electricity sales volume.</li><li>• With the fall in electricity sales volume and unit selling prices, it will take us a reasonable time to reform cost structures accordingly, making it difficult to achieve our financial goals.</li></ul>

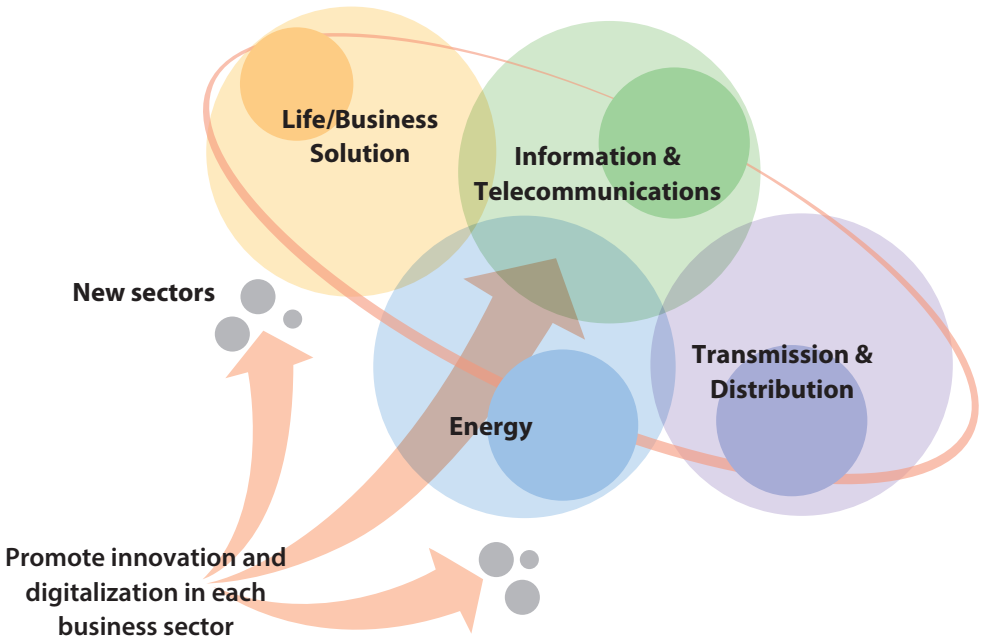
#### Directions to take

In 2025, we will put the energy business on a growth track to take another leap forward by moving ahead with a drastic structural reform, by operating all seven reactors in our nuclear power plants, by providing new value through various solutions, and by other means. We have reviewed our Medium-term Management Plan in order to create a concrete action plan to deliver on these goals.

## 2 | What We Aspire to Become

With Energy, Transmission & Distribution, Information & Telecommunications, and Life/Business Solution positioned as our core businesses, we will keep creating new value in areas around these sectors as well as where they overlap.

As the operator of a platform providing both social infrastructure and services, we aim to continuously serve our customers and communities, while contributing to attaining a sustainable society.



## 3 | Key Initiatives

### ■ Basic premise of our business operations

**Firmly establishing governance and promoting compliance**  
We will do our utmost to restore trust, in light of our reflection on the receipt of cash/gifts and other issues.

### ■ Key initiatives

KX: Kanden Transformation		
1	Seeking to achieve zero-carbon emissions EX: Energy Transformation	With the accelerating global trend of decarbonization, to meet expectations for contributing to the attainment of a sustainable society, we will promote efforts toward the realization of the Kansai Electric Power Group’s Zero Carbon Vision 2050.
2	Transforming into a service provider VX: Value Transformation	Beyond our conventional large-scale asset-centered business, we will deal with needs and issues based on the customer’s viewpoint, thereby being reborn as a corporate group that continuously provides new value to its customers.
3	Building a robust corporate constitution BX: Business Transformation	We will speed up cost structure reform, innovation, digitalization and workstyle innovation.



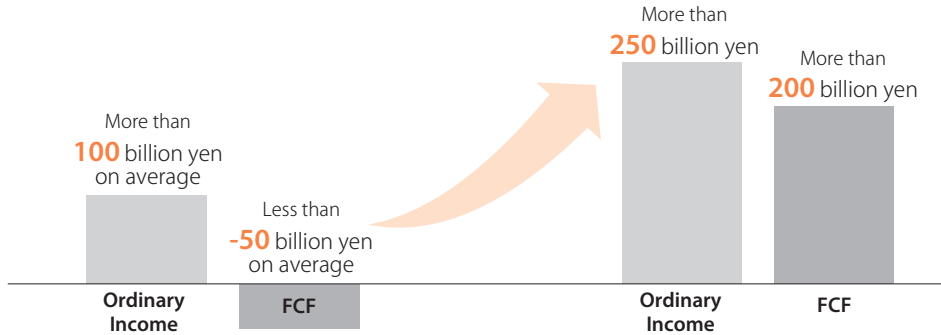
Medium-term Management Plan

4 Financial Goals

Over three fiscal years from 2021 to 2023, we will complete business structural reforms while anticipating a decline in profits. We will make investment in growth opportunities as well as construction work to ensure nuclear safety for the future. In fiscal 2025, we will put our business on a growth track and take another leap forward.

	FY 2021-2023	FY 2025
Ordinary Income	More than 100 billion yen averaged over three years	More than 250 billion yen
FCF	Less than -50 billion yen averaged over three years	More than 200 billion yen
	Register a surplus across total income booked between FY 2021 and FY 2025	
Equity Ratio	More than 20%	More than 23%
ROA*	More than 1.5% averaged over three years	More than 3.5%

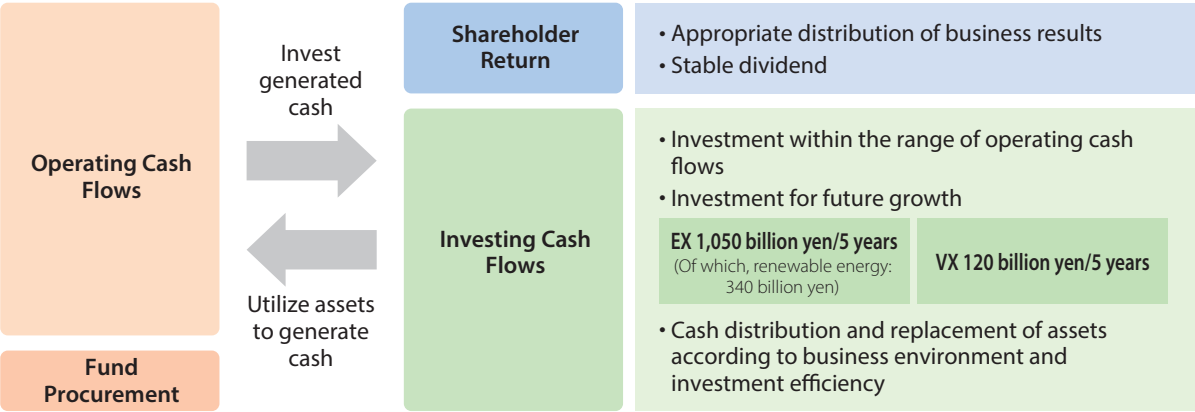
\* ROA [Return on total assets] = Operating income [Ordinary income + Interest expense] / Total assets [Beginning and ending balance average]



[Reference] ROE (Return on equity = Net income / Shareholders' equity [Beginning and ending balance average]) when the above goals are achieved: about 4% for FY 2021-2023, about 10% for FY 2025

5 Cash Distribution and Shareholder Return Policy

■ Concept of cash distribution



■ Shareholder Return Policy

Our shareholder return policy is that, as the Kansai Electric Power Group, we seek to improve corporate value and appropriately allocate business results to shareholders. We aim to deliver stable distribution while ensuring financial soundness.

6 Directions to Take in Each Business Segment

Energy Business

Directions to take

1 Promote thorough cost structure reform to restore profitability in the energy business. Business Transformation

2 Work toward realizing “zero-carbon power sources” including zero-carbon thermal power, nuclear power and renewable energy, as well as verifying and demonstrating hydrogen energy utilization. Energy Transformation Value Transformation

3 Provide new value through various solutions to increase profitability, while promoting electrification or Denka. Value Transformation

See “Energy Business” on page 39 for details.

Reference: Overseas Energy Business

Directions to take

1 Promote energy businesses that contribute to achieving zero-carbon society. Energy Transformation

2 Provide solutions related to our customers’ energy usage. Value Transformation

3 Improve profitability by utilizing our business know-how and leveraging our network. Business Transformation Value Transformation

See “Overseas Energy Business” on page 49 for details.

Transmission & Distribution Business

Directions to take

1 Build an industry-leading cost structure and improve productivity. Business Transformation

2 Transform grids for the next generation, which will form the basis of zero-carbon society. Energy Transformation

3 Along with wheeling service, operate businesses in new sectors. Value Transformation

4 Respond appropriately to the new wheeling pricing system scheduled to be introduced in fiscal 2023. Business Transformation

See “Transmission & Distribution Business” on page 51 for details.

Information & Telecommunications Business

Directions to take

1 Demonstrate overwhelming competitiveness in information and communication infrastructure services in the Kansai region, and increase profits. Business Transformation Value Transformation

2 Promote provision of high value-added services and creation of new solutions that contribute to increasing the value of information and communication infrastructure services as well as operating outside the Kansai region. Value Transformation Energy Transformation

See “Information & Telecommunications Business” on page 55 for details.

Life/Business Solution Business

Directions to take

1 Engage in comprehensive real estate businesses to meet all real estate needs with a well-balanced combination of condominium, leasing and fee businesses\*, aiming to increase profit. Business Transformation Value Transformation

2 Besides real estate, in highly competitive businesses where we can leverage our Group’s strengths, aim to provide high value-added services seeking further increases in profit. Value Transformation

\* A type of business that earns fee-based incomes, through providing real estate-related services, such as building management and customer asset management

See “Life/Business Solution Business” on page 57 for details.

Medium-term Management Plan

Financial Goals by Business Segment

		FY 2021-2023	FY 2025
Energy Business	Ordinary income	Surplus	More than 130 billion yen
	ROA (Return on assets)	More than 0.3%	More than 2.0%
Transmission & Distribution Business	Ordinary income	More than 50 billion yen on average	More than 50 billion yen
	ROA (Return on assets)	More than 2.0%	More than 2.0%
Information & Telecommunications Business	Ordinary income	More than 35 billion yen on average	More than 45 billion yen
	ROA (Return on assets)	More than 10.0%	More than 11.5%
Life/Business Solution Business	Ordinary income	More than 15 billion yen on average	More than 30 billion yen
	ROA (Return on assets)	More than 2.0%	More than 3.0%

Efforts Common to All Business Segments

Create new value

Value Transformation

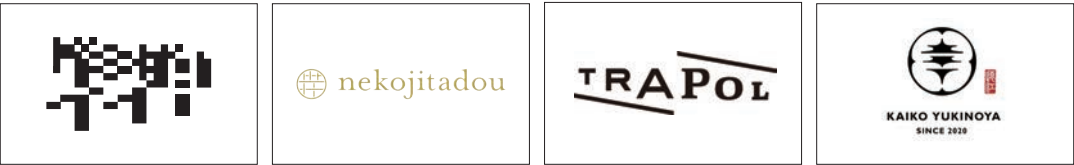
Business Transformation

Promoting innovation

- Expand and deepen open innovation that draws on the mutual strengths of various business operators through K4 Ventures, etc.
- Foster a customer-oriented organizational culture and develop human resources for innovation through programs calling for new business ideas and business contests, etc.
- Deepen existing Energy, Information & Telecommunications and Life/Business Solution businesses through the exploration of opportunities in new sectors\*

\* Agriculture and food, social infrastructure, life design, culture and entertainment

Examples of commercialization



Utilizing digital technologies

- Realize new solutions and improve the customer experience taking advantage of IoT, prediction and optimization technologies.
- Promote data-based business activities, such as data infrastructure development, AI-driven analysis and sophisticated decision-making.
- Support the application of digital technologies to new businesses via a digital expert (K4 Digital).

Enhance our procurement function

Business Transformation

Promoting value analysis

- By strengthening our procurement function and cooperating with operating divisions from the planning stage, we can closely examine capital investment, etc. from every perspective of the value chain.

Enhance our human capital foundations

Business Transformation

Promoting safety, “workstyle” innovation, and health and productivity management

- Pursue safety activities toward zero accidents.
- Accelerate high value-added jobs and flexible workstyles utilizing digital technologies without time and place constraints.
- Continue with health activities involving the entire workplace and go a step further to promote line care (mental health care).

Improving “human capital”

- Actively recruit women and promote them to managerial positions. Also, increase mid-career hiring opportunities to secure and promote diversity in human resources.
- Support growth in innovation/digital human resources by enhanced training to encourage creativity and in-house recruitment systems.
- Support individual employees, who are responsible for innovation, to change their awareness and behaviors and grow at a faster pace.

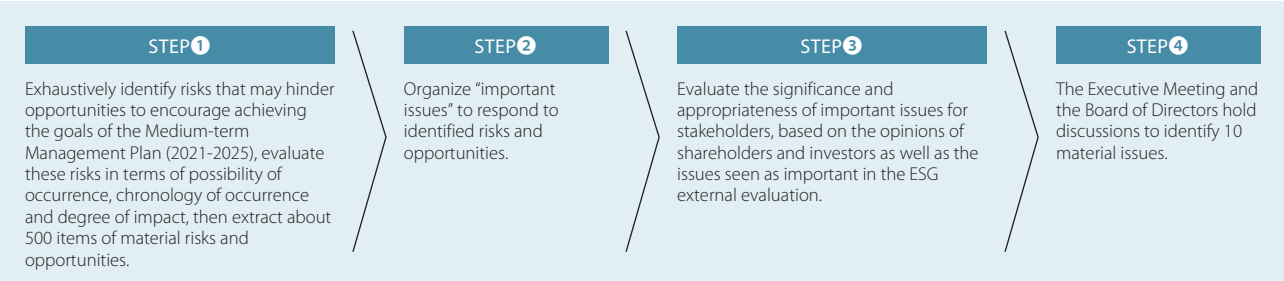
Materiality for the Kansai Electric Power Group (Important issues)

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

SDGs associated with the identified materiality

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

Materiality identification process



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

Materiality for the Kansai Electric Power Group (Important issues)

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

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



# 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 zero-carbon 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.”

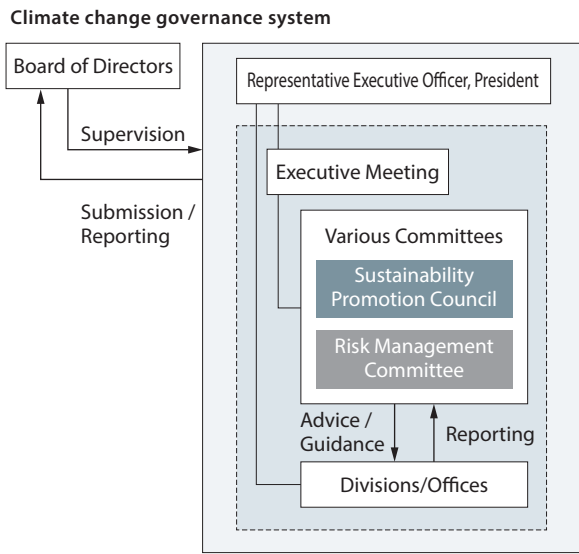
\* TCFD was established by the Financial Stability Board, which is an international agency that has central banks, financial regulatory authorities and other organizations from major countries as members. In total, 2271 organizations around the world, including financial institutions, businesses and governments, declared their support for the TCFD Recommendations as of June 25, 2021.



## Governance

With climate change as a key business challenge, the Sustainability 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.



## 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 zero carbon 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 average temperature rises 4°C compared to pre-industrial times.

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

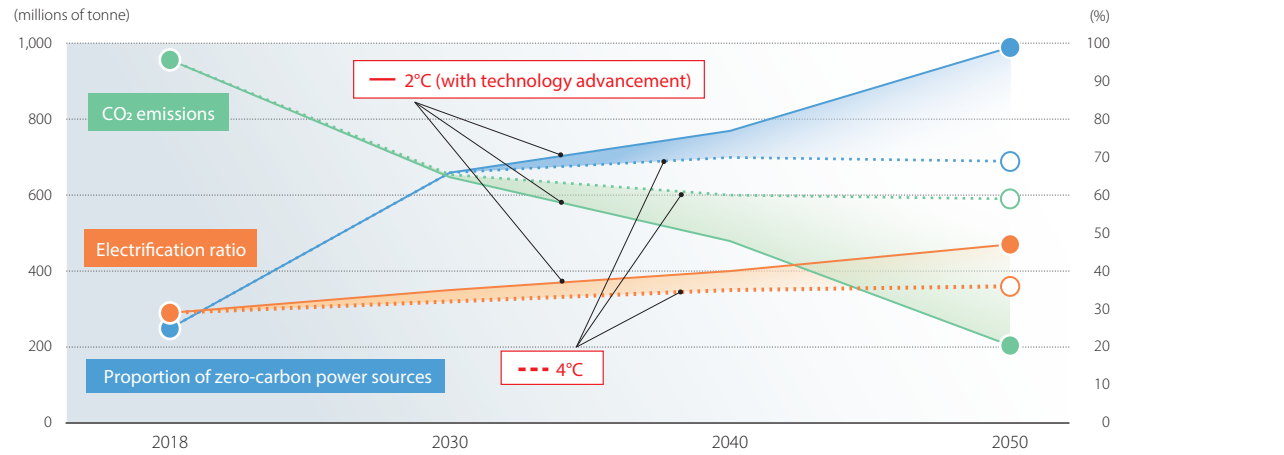
## Scenario analysis results

The results of the scenario analysis show that zero-carbon power sources account for almost all of the power generation mix in a 2°C world.

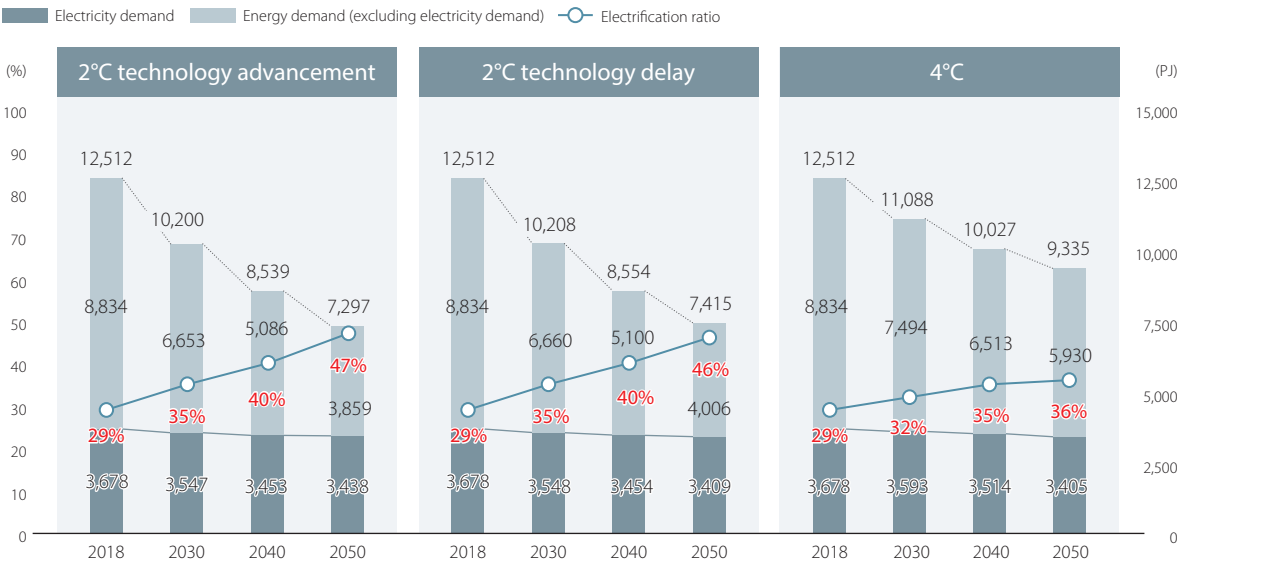
However, with innovation in technologies such as CCUS progressing, coal-fired thermal power generation, as a zero-carbon power source, accounts for a certain proportion of the power generation mix. While it is heavily regulated, should technological innovation not progress; this would virtually signify 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.

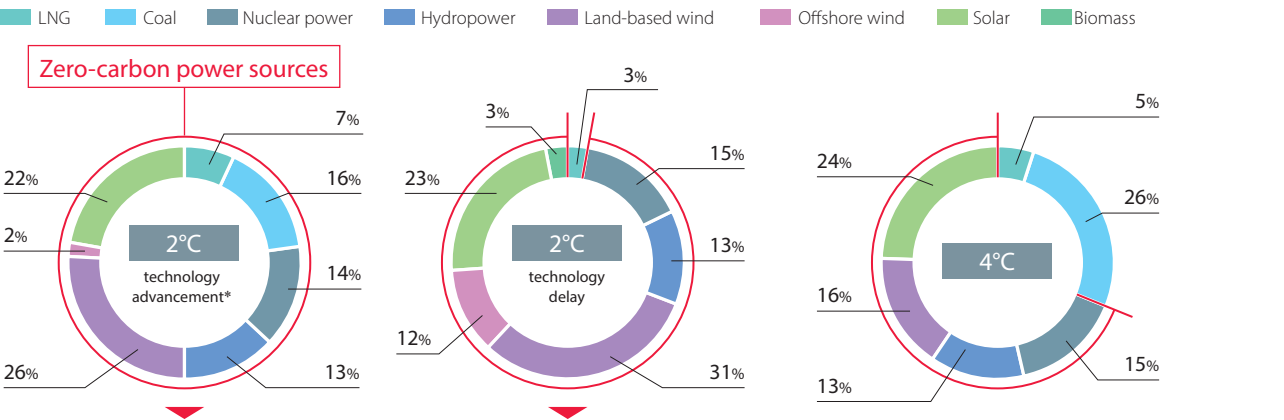
## Proportion of zero-carbon power sources and electrification ratio in Japan



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



## Breakdown of 2050 output by power source in Japan



Note: Percentages may not sum up to 100 due to rounding.  
\* Thermal power sources are considered as zero-carbon power sources in the 2°C scenario (with technology advancement) due in part to the introduction of CCUS.

Addressing Climate Change

Climate change risks and opportunities

The results of risk analysis on medium- to long-term climate change are reflected on the Kansai Electric Power Group’s management plans and policies. Specifically, these risks consist of the transition and physical risks listed below.

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 carbon neutral gaining momentum.</li><li>Electrification advances, with carbon neutral 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>Increased confidence of customers and society and the resulting business opportunities, all brought about by a resilient business foundation</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>	

Zero Carbon Vision 2050

The Kansai Electric Power Group set out the Zero Carbon Vision 2050 to help create a zero-carbon society, incorporating the results of scenario analyses, the government’s policies, etc.

In an effort to create a sustainable society, our Group, as a leading company of zero-carbon energy, is aiming for carbon neutrality throughout the entirety of its business activities including power generation by 2050 in order to combat global warming, while striving to increase energy independence to secure energy supply, with priority given to safety.

Moreover, our Group will mobilize its resources to support

decarbonization not only in the economic activities of our customers, but also across society as a whole.

These efforts will be made through active cooperation with various parties, such as customers, business partners, the government, municipalities and research institutes.

In addition, the Zero Carbon Committee, chaired by the President, is in place to realize the Zero Carbon Vision 2050.

The committee is tasked with developing key principles and a roadmap to implement them while discussing specific approaches and the progress made to push forward with zero carbon initiatives.

### Three key approaches for Zero Carbon Vision 2050

#### ① Zero-carbon emissions on the demand side

With the enlarged role on the demand-side, our Group, as a zero-carbon solution provider, is pleased to provide customers with the best available solution toward zero-carbon emissions along with supporting its implementation across all sectors.

#### ② Zero-carbon emissions on the supply side

With priority given to safety, our Group will seek to achieve the best energy mix which can lead to full decarbonization, ensure secure stable supply with an increasing energy self-sufficiency ratio, and enhance economic efficiency.

Based on diversified social requests including promoting distributed energy resources and strengthening resilience, our Group is making best efforts to maximize the introduction of renewable energy as a

#### ③ Seeking to create a hydrogen-based society

As hydrogen is indispensable for a zero-carbon society, our Group, as a key player working toward realizing a hydrogen-based society, will tackle the challenges to produce, transport and supply zero-carbon hydrogen with non-fossil fuels, in addition to using hydrogen for power generation.

main power source, upgrade the power transmission and distribution system, and maximize nuclear power where power generation output stability and energy density are high with priority given to safety, as well as working to decarbonize thermal power generation which can flexibly adjust output to secure a stable supply despite the large-scale diffusion of renewable energy. Our Group will also look to contribute to decarbonization on an international level.

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 Promotion Council, with necessary risk control measures reflected in the Group’s plans and policies to ensure sustainable growth in the future.

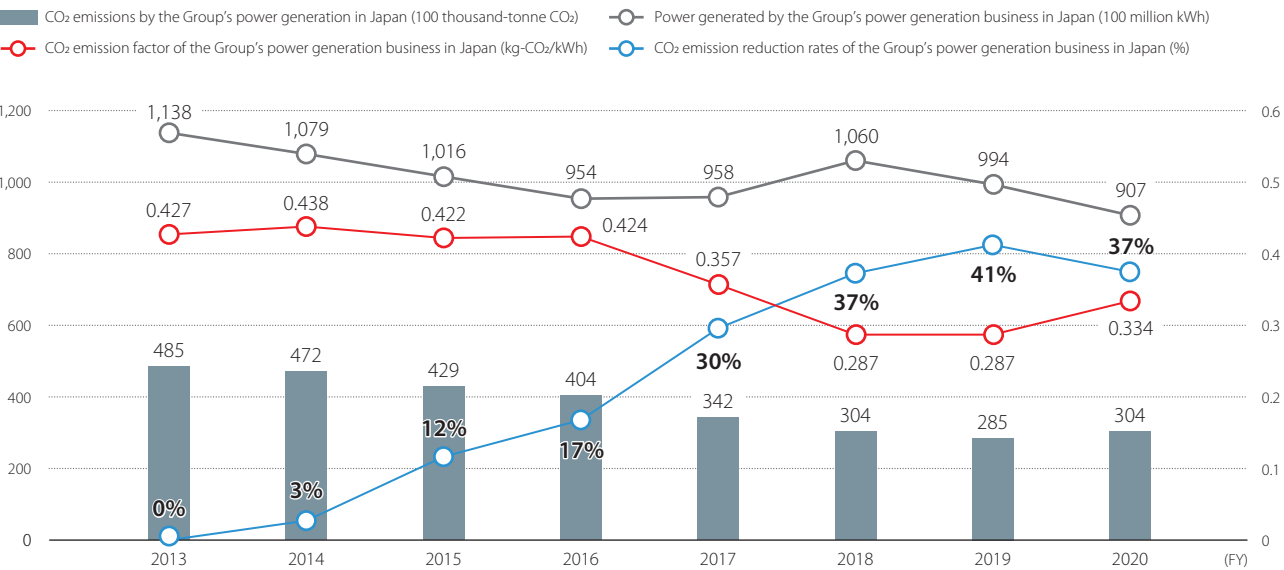
For more information about risk management, refer to page 80.

Fiscal 2020 results

The Kansai Electric Power Group’s CO<sub>2</sub> emissions in fiscal 2020 from its domestic power generation roughly amount to 30.4 million tonnes, about 40% less than those in fiscal 2013. Major contributors include the safe, stable operation of Takahama Units 3 and 4 and Ohi Units 3 and 4, development and introduction of renewable energy sources, and improved efficiencies at thermal power plants. These efforts have resulted in the Kansai Electric Power Group keeping the top spot for the amount of zero-carbon power generation in Japan.

Domestic renewable energy development and expanded overseas operations, moreover, increased our renewable energy capacity at facilities that have begun operation at home and abroad (including those completed construction), standing at 4.142 million kW.

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



Indicators and objectives

Committed to realizing the Zero Carbon Vision 2050, the Kansai Electric Power Group is shifting to “zero-carbon power sources,” which include nuclear, renewable energy and zero-carbon thermal power generation, for a sustainable society.

Halve CO<sub>2</sub> emissions associated with power generation in Japan in FY 2025 (compared to FY 2013)

Keep the top spot for the amount of zero-carbon power generation in Japan

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

# 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.

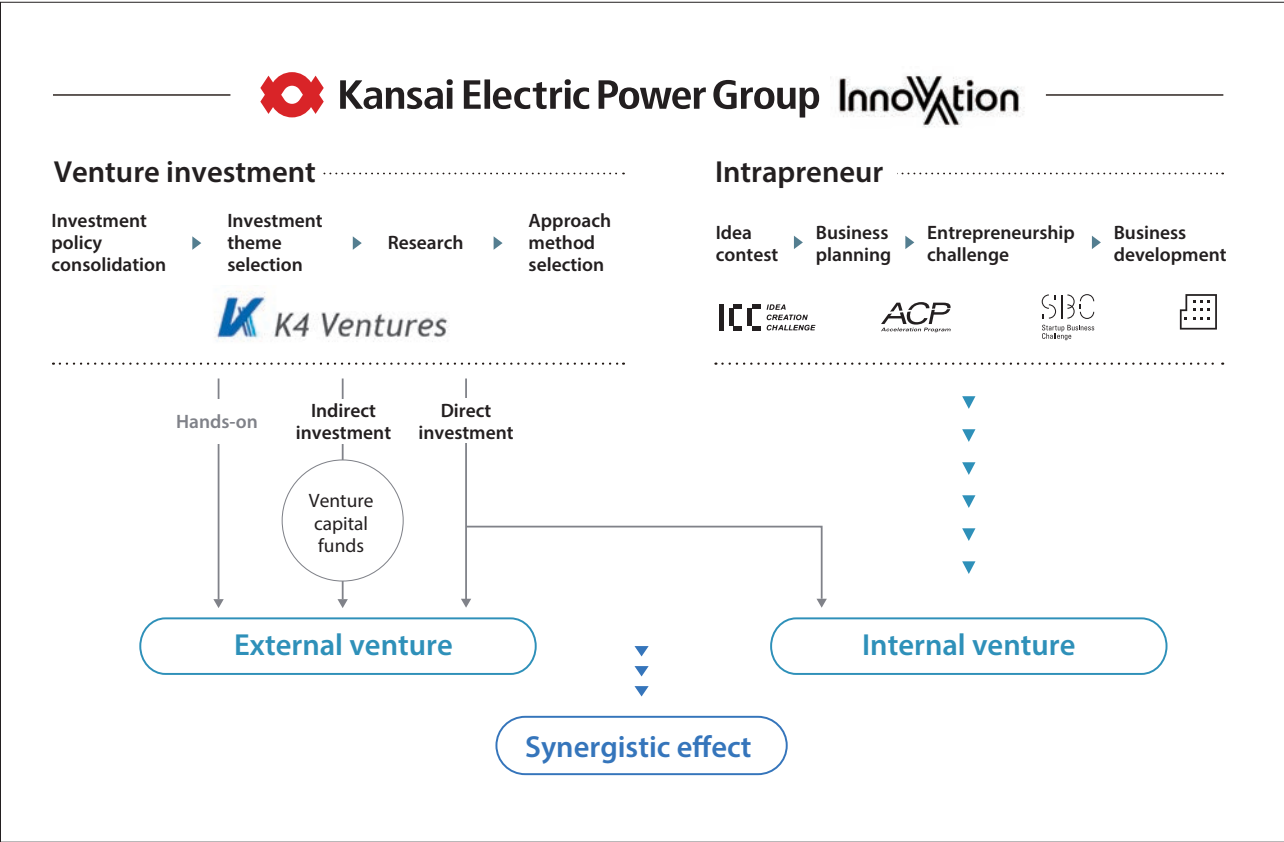
## Cooperation with outside organizations and structural enhancements to promote innovation

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 telecommunications, and life/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	EEL 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.
2021. 3. 2	Okage K.K.
2021. 3. 8	TERRACE MILE, Inc.

### 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 2021, 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 G.K. 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.



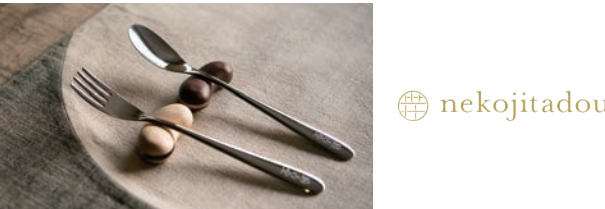


New Businesses: Rising to the Challenge

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.



Nekojitadou original cutlery

TRAPOL G.K.

Established in October 2019 through the Kanden Entrepreneurship Challenge System. TRAPOL provides personalized travel services that connect travelers with local residents (local friends) so the travelers can “blend in with local life.” The company aims to deliver the essence of joy that we, as human beings, experience on a trip by exploring on our own feet and with our own eyes, to as many people as possible.



**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

Gekidaniino G.K.

Through iino, a 5 km/h mobility service created by the Innovation Lab, Gekidaniino G.K. 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-R: a luxury experience for tourist resorts, etc.

Kaiko Yukinoya G.K.

Applying an environmental purification technology using photosynthetic bacteria that we have been researching for a long time, Yukinoya produces, processes, and sells whiteleg shrimp, comparable in taste to prawn, under the brand name of “Yukiebi.”

Adopting a completely closed circulation type land-based aquaculture system, this is our first entry in the agricultural and food business fields.



DX Strategy

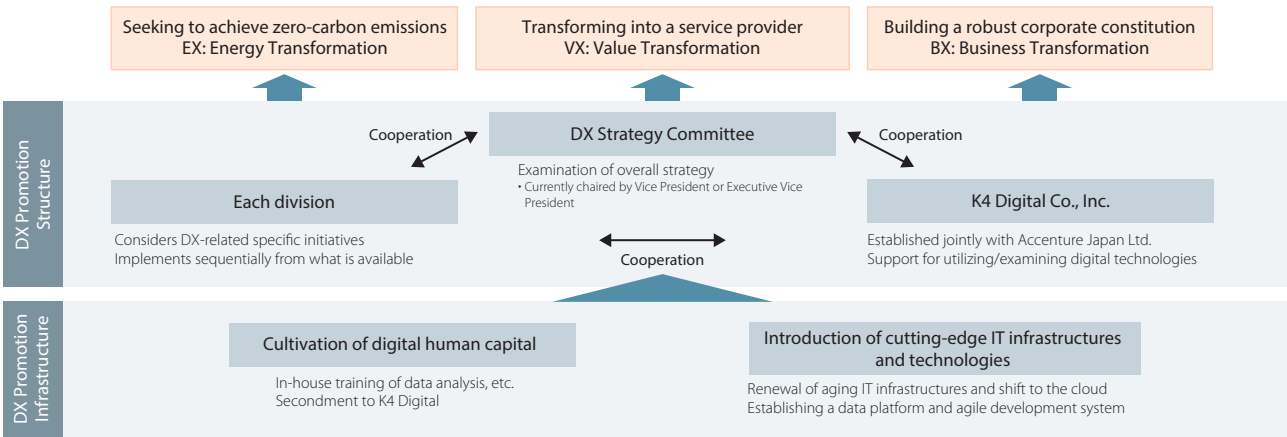
Strategic direction

The Company has been proactively engaged in efforts toward DX, or dramatic improvement of productivity and new value creation through utilization of digital technology. DX is also positioned as an indispensable means for realizing the three pillars of our new Medium-term Management Plan (EX, VX, and BX).

Our respective departments are driving DX by exploring and sequentially rolling out specific DX-related initiatives based on the overall strategy, which was formulated by the DX Strategy Committee set up in June 2018 with the President as the chairman. Additionally, in August 2018, K4 Digital Co., Inc. was established jointly with Accenture Japan Ltd. to draw on our internal and external expertise and support the initiatives of our respective departments.

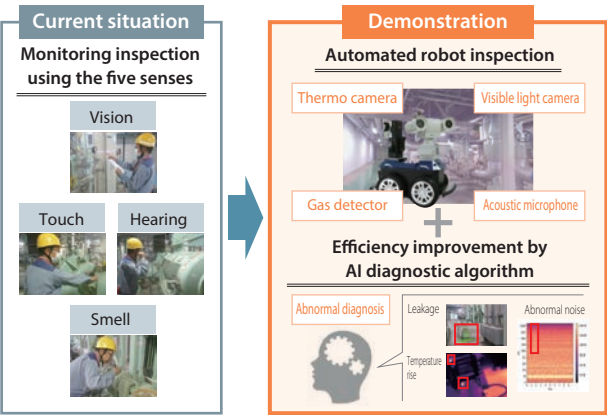
DX promotion essentially requires “digital human capital” who have specialized knowledge and know-how regarding digital technology. At our Company, through in-house training and secondment to K4 Digital, and other measures, we are working to develop human capital with a broad range of digital technologies covering basic data management to advanced data analysis.

Moreover, in an effort to improve the environment for DX promotion, we are actively introducing cutting-edge IT infrastructures and IT technologies. More specifically, we have renewed the aging IT infrastructure and accelerated the shift to a highly flexible cloud environment that is suitable for DX. A data analysis platform and agile development system are also being put in place so we can proceed with DX promptly and efficiently.



Development of an automated monitoring inspection system using robots and AI for thermal power plants

In collaboration with K4 Digital Co., Inc. and Kanden Systems Inc., we have developed an automated monitoring inspection system that utilizes robots and AI for thermal power plants. Under this system, autonomous robots collect equipment information, which used to be visually checked by plant staff, and AI diagnoses whether the equipment is operating normally. This contributes to raising the efficiency of monitoring and inspection as well as to passing down technologies.



Dshift Inc. established to promote DX for customers by mainly providing AI technology and drone inspection

In April 2021, we established Dshift Inc. to help our customers promote DX by providing state-of-the-art digital technologies.

We have thus far developed and utilized digital technologies such as an automatic detection system for dust, drift ice and snow flowing into a hydroelectric power plant, and a drone for inspecting the inside of chimney of a thermal power plant. Dshift uses these technologies to provide integrated services ranging from system construction to equipment inspection and equipment soundness evaluation to corporate and local government customers, and supports DX promotion.

Dshift also uses offshore wind power generation equipment operation and maintenance technology, which is currently being developed by the Company based on the drone and AI image analysis, to solve various problems in this field, thereby contributing to the introduction of more such equipment and the realization of a zero-carbon society in Japan.



# Human Capital Strategy

## Respect for human rights

### Policies

As part of the Kansai Electric Power Group Code of Conduct, our Group has established conduct standards regarding human rights, upholding “Respect for human rights and promotion 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 prevention of harassment and 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, the Kansai Electric Power Co., Inc. 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>

- Establishment of rules and consultation desks for harassment prevention
- Case-based workplace discussions
- Implementation of Human Rights Information Exchange Meetings for group companies

## Human capital development

### Kansai Electric Power Group Academy

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 capital is the most important thing for prevailing in a severe competitive environment” along with our Group philosophy of “management that values people.”

### Personnel development policies

At the Kansai Electric Power Group Academy, we will implement capability development measures to empower each employee to be dynamic in their work by willingly taking on challenges to grow even amid the changing working environment, so we can achieve high productivity, secure new revenue sources, and support “autonomous career development” for our employees.

Specifically, we will practice personnel development measures to change awareness and behavior, which is necessary to achieve our management philosophy and Medium-term Management Plan. Along with that, we will implement measures to enhance individual employees’ strengths and improve or overcome challenges that require deeper understanding, ensure that expertise is handed down to the next generation, improve productivity, and create added value driven by digital technology.

### The “human capital” that we seek

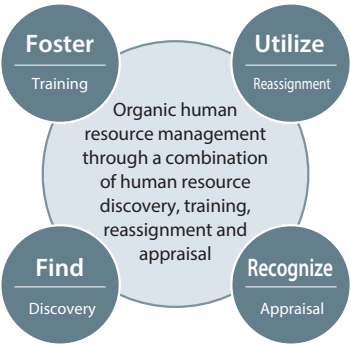
We have formulated “human capital” as the characteristics desirable in employees in order to achieve sustainable growth for the Group.



### Measures for “human capital” innovation

Recognizing that the source of the power to move forward with the initiatives set forth in the Medium-term Management Plan is each and every employee, the Kansai Electric Power Group aims to create a virtuous cycle in which each employee plays an active role with willingness to grow and take on challenges while making the most of their diverse attributes. Their growth and achievements will eventually improve profitability and sustainable growth for our corporate organization.

Specifically, we are working to maximize the success of all employees in various fields through a series of processes such as human resource discovery, training, reassignment and appraisal.



### Career design

As an initiative to support the career development of employees, we provide superiors with an opportunity to interview their subordinates once a year.

The interviews are held based on a Career Design Sheet that describes each individual’s strengths, challenges requiring deeper understanding, career plans, etc. Each employee’s characteristics and career plan are shared with his/her superiors, and are also used for OJT and reassignment for the purpose of supporting our employees’ career development.

### 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.

		Objective	Career goal
Career challenges	Global business	Dramatic growth of international business	Career mainly in international business areas
	New business creation	Further promotion of innovations	Career mainly in new business areas
	Core group business	Further growth of group business	Career mainly in core group business areas
	Super Specialists Data Scientist Cyber Security Engineer Digital Consulting	Improvement of skills indispensable for future business operation	Highly specialized and specific career
	Renewable energy business	Dramatic growth of renewable energy business	Career mainly in renewable energy business area
Dual work challenges		Aiming for further growth through diverse work experience, in addition to their original work, participants take on another type of work (specific project work, etc.) during some of their working hours	



As part of personnel development measures through the Kansai Electric Power Group Academy, we support employees who are looking to improve their abilities and advance in their careers by providing stratified training for early development, specialized training to enhance their business expertise, as well as an executive candidate development program. Moreover, with the personnel appraisal system and the in-house application system, our employees will have more willingness to grow and feel more motivated and rewarded.

### Our training and development systems

	Responsible persons				Managers			
	Base level		Application level	Advanced level				
Stratified training	New employee training	I	II	III	I	Follow-up	II	III
Elective training	Training is focused on active learning so employees can play their expected roles and exert expected abilities.			Elective trainings		Optional training is provided to complement each individual's strength and necessary training for early personnel development.		
Training for executive candidates				I		II	III	IV
Specialist training	Division-specific training (skill training / work knowledge training / expert theory training)							
Support for growth	Internal certification tests, certification bonuses, challenge training, outside correspondence education, e-learning, etc.							

### Next generation leader development — Executive management candidate development

With the arrival of the “era of VUCA” and amid drastic changes in the environment surrounding the Group, we need to break away from prior precedents and cultivate early and systematically next-generation leaders who will drive innovation. In view of this, we are adopting step-by-step outside training programs for employees as a stretch opportunity to advance their careers. 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.

I	II	III	IV
Logical thinking abilities Presentation abilities	Management knowledge (Business strategies, marketing, etc.)	Management knowledge Task fulfillment abilities	Perspectives and outlooks as managers
• Problem solving and strategy planning through case analysis • Strengthening presentation abilities through presentation exercises	• Knowledge acquisition through in-company training and e-learning • Self-growth through career interviews	• Commuting to business school • Interaction with outside leaders • Action learning as per the Company's transformation concept	• Commuting to business school • Interaction with outside management executive candidates • Forming the “backbone” as a management executive

### Independent career development support tool

In order to create an environment in which employees can think deeply about their own careers, gain awareness, and grow, we have published a Self-Design Book, a support tool for independent career development.

By reading this booklet, thinking over the content, and learning through various questions regarding “what you want to be, what you want to value, and how you should act as the environment changes toward the future,” employees can receive hints on how to form their own careers.

### Support for self-growth

A variety of systems, such as a certification bonus system, challenge lectures, 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.

### DX personnel development — Strengthening expertise that will be a source of competitiveness

For the realization of digital transformation (DX), we are developing DX personnel to advance efforts to increase productivity and generate added value utilizing digital technologies. Specifically, we are implementing on-the-job training (OJT) at K4 Digital Company and/or at each department, “data analysis and visualization training” intended for all departments, and similar programs.



Human Capital Strategy



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.

Appraisal results are fed back from superiors to subordinates. In addition, communication opportunities for further growth are provided.

Diversity promotion

Diversity Promotion Policy

Diversity goals of the Kansai Electric Power Group

With an exclusive organization established in 2011, we are working to develop systems to realize workstyles and cultivate workplace environments that enable everyone to exercise their abilities to their maximum extents, regardless of personal attributes, including gender and age, sexual orientation, gender identity, disabilities, or child/nursing care and other life events. Our initiatives also include periodic release of information and various types of training.

**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.

Efforts toward diversity promotion

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. Kanden L-Heart is actively recruiting people with disabilities by accepting them as workplace trainees and by other means, in collaboration with the government, related organizations, special-needs high schools, etc.

As a result, our employment ratio of workers with disabilities reached 2.6% (as of June 1, 2021), having continuously achieved the legally required ratio (2.3%). 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.

Promotion of employment of elderly persons

We are rehiring all applicants after they retire at the age of 60, and are also continuously working to improve the environment so that veteran employees can further utilize the knowledge and experience they have cultivated so far. Currently, many highly qualified and skilled retirees with abundant experience are active in a wide range of operations at our Company and group companies.

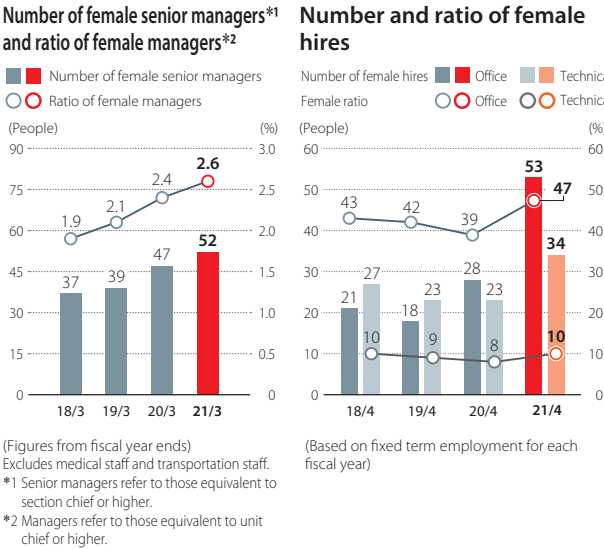
Note: Number of rehired employees (retired employees) at the end of March 2021: Approximately 850

Initiatives to encourage the further success of female employees

Various training programs and initiatives are implemented for female employees so they can maximize their potential without underestimating it, be motivated for continuous self-growth through work, and actively balance work and family, etc. even at life-stage transitions.

Targets for promotion of female employees

Appointment to managerial positions	By the end of FY 2030, increase the ratio of female managers and the number of female senior 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.



Initiatives related to promoting women's empowerment

[Measures and support according to life events]	
<Training>	<Measures/Support>
• Expectant mother seminar	• PC rental service during childcare leave
• Expectant mother seminar	• Early reinstatement support menu
Information session for superiors	• Release of information on the in-house website
• Returnee seminar	
• Participation in training, etc. during childcare leave	

[Support and measures according to career stages]



Third-party evaluation of women's empowerment

As a result of these various efforts, 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."

Promoting the participation of male employees in childrearing

We are encouraging male employees to participate in childrearing with the aim of deepening their ties with family members and growing as individuals through childrearing experience as well as increasing work efficiency and motivation. Specifically, setting a goal of 90% or more of childcare leave utilization among male employees, when the period of childcare leave begins, the provision allows for seven days of paid leave. Additionally, we deliver an email calling for taking childrearing leave to male employees whose spouses have given birth to a child, with the same message sent to their superiors. The experiences of male employees who took childcare leave are published on our intranet.

Support for balancing work and nursing care

Providing employees with basic knowledge about nursing care, public support, and our internal systems can help prevent them from leaving their jobs when faced with nursing care and maintain a balance with work. For this reason, we have published a Handbook for Work-Nursing Care Balance Support and hold seminars on the compatibility of work and nursing care.

Support for employees identifying as LGBTQ and promotion of understanding companywide

Aiming to deepen employees' understanding of LGBTQ issues and create a comfortable workplace for everyone, we have implemented e-learning for all employees, published an informative handbook regarding company diversity and prevention of harassment, and set up a consultation desk. In addition, in the index for evaluating corporate efforts related to LGBTQ employees formulated by a voluntary organization, work with Pride, the Company won the highest "Gold" award for the fifth consecutive year from 2016 to 2020. In April 2021, we earned a three-star certification as an Osaka City LGBT Leading Company.

Work system, work-life balance support system

Category	System
System that enhances workstyle flexibility	Super flextime
	Telework
	Hourly leave
Support for compatibility with childrearing	Prenatal and postnatal leave
	Maternity leave
	Childrearing leave
	Early reinstatement support menu
	Short working hours (childrearing)
	Child nursing leave
	Family support reserve leave
Support for compatibility with nursing care	Nursing care leave
	Short working hours (nursing care)
Reemployment system	f-staff system



Human Capital Strategy

Promotion of workstyle innovation, health and productivity management

Promotion of 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. Under the Medium-term Management Plan, we are committed to increasing the added value of operations through leveraging by digital technology, accelerating flexible workstyles regardless of time and place, continuously conducting health activities on a workplace basis, and promoting line care as a means to step forward.

**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, enhancing to a working system that allows for more flexibility when it comes to times/places of work through extended teleworking requirements, and encouraging employees to take leave in a planned and meaningful manner.

Certified as a Health & Productivity Management Outstanding Organization 2021 (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 fifth consecutive year since 2017.



Major health and productivity management initiatives

As part of initiatives aiming to raise awareness of health management and improve self-care skills, the Group holds exercise and diet seminars and has set “non-smoking days” throughout the Company.

Moreover, we are working to create an environment that facilitates superiors’ support for their subordinates by conducting training on line care for managers, and to enhance the support system by establishing a consultation desk with industrial physicians, industrial nurses, and outside counselors.

Welfare system to support employees

We have created an environment in which employees can work cheerfully with peace of mind by stabilizing the lives of employees and their families with the following systems: life security measures such as condolence money and various insurance programs, housing measures such as company housing/dormitory and housing allowance, property accumulation support measures such as owned property accumulation savings and employee stock ownership association, welfare proxy service, a cafeteria plan, an employee cafeteria, retirement benefit plans, etc.

Note: With the exception of some systems, non-regular employees are also eligible.

Sustaining stable labor-management relations

We have concluded a union shop agreement with the Kansai Electric Power Workers 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)

Correspondence between labor and management concerning employee transfer

Under the collective agreement, the Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc. shall, when it is necessary due to business reasons, transfer their employees fairly in consideration of their intentions, living conditions, skills, etc. Especially when it is necessary to make a wide-ranging transfer, criteria for the transfer shall be discussed with the Workers Union.

Tackling COVID-19

In order to prevent the spread of COVID-19 and maintain a safe and stable electricity and gas supply, the Group has set up a COVID-19 Response Headquarters and has been striving to restrict movement by promoting the adoption of telework. When commuting to work, we strictly follow rules regarding mask wearing from the viewpoint of infection prevention. We are also implementing measures to avoid crowding, such as maintaining enough space between desks in the office environment. In addition, as a measure to ensure the safety and health of employees and their families as well as to create an environment where they can work with peace of mind, we grant employees special leave to receive COVID-19 vaccination and are also introducing a workplace vaccination program to contribute to accelerating the speed of vaccination of society as a whole.

As it is expected to take time until the number of infections starts to decrease, 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 Code of Conduct for Safety

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, we share “our beliefs about safety” as an everlasting group-wide principle to raise awareness of safety under the Kansai Electric Power Group Code of Conduct for 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 Group 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 2021>
- 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

Energy Business

Koji Inada  
Director  
Representative Executive Officer, Vice President



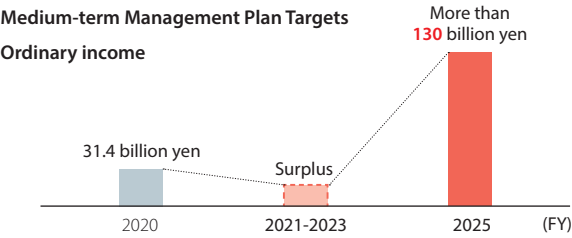
Overview

In an effort to keep up with changes in society, we, as Japan’s leading company focusing on zero-carbon energy, are making the most of renewable energy for use as main power source, maximizing the use of nuclear power and opting for zero-carbon power sources, including zero-carbon thermal power generation. At the same time, we are committed to mobilizing our resources to help customers and society realize zero-carbon operations by proposing and providing optimal solutions, examining and demonstrating approaches to create a hydrogen-driven society.

In addition, measures to improve the current account balance include safe and secure operations of the seven nuclear reactors, establishment of a competitive power portfolio, rationalization of fuel procurement and supply-demand balancing, and

promotion of DX-based monitoring and maintenance, all designed to complete cost structure reform and restore profitability.

New energy and environmental markets, meanwhile, will be developed and new values will be provided through various solutions to further boost profits.



Business environment

Opportunities

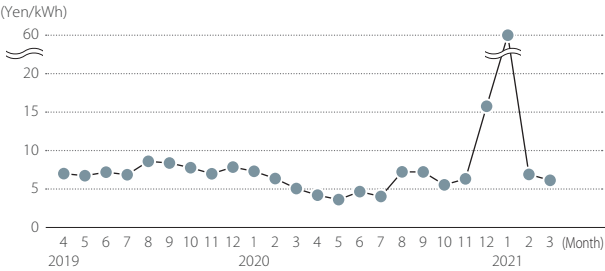
- Create new business opportunities in new and peripheral areas in energy and environmental businesses by accelerating social change: the 3D + D\* movement.
  - Dramatic increase in the need to shift to “zero carbon.”
- \* 3D+D: Decarbonization, Decentralization, Digitalization plus *Denka* electrification

Risks

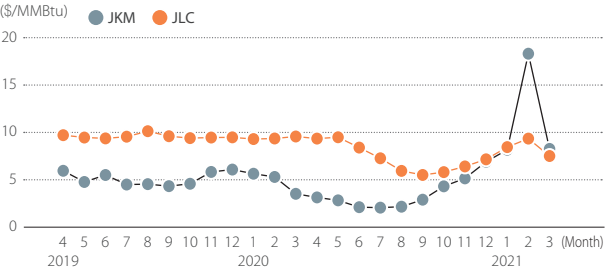
- Decrease in prices traded on the Japan Electric Power Exchange (JEPX) due to sluggish demand and over supply.
- Destabilization of the market due to tight supply, coupled with uncertainties in the system itself.
- Intensified competition primarily among corporate entities, resulting in a switch to newcomers.

Market overview

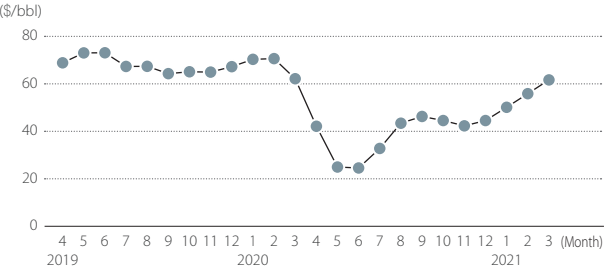
JEPX market trends



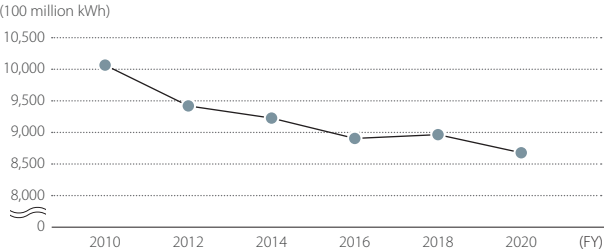
LNG market trends



Crude oil market trends



Domestic electricity demand trends



Business strategies

Directions to take

- ① Promote thorough cost structure reform to restore profitability in the energy business.
- ② Work toward realizing “zero-carbon power sources” including zero-carbon thermal power, nuclear power and renewable energy, as well as verifying and demonstrating hydrogen energy utilization.
- ③ Provide new value through various solutions to increase profitability, while promoting electrification or *Denka*.

5-year Efforts

1 Restoration of profitability

Cost reduction

- Build a competitive power source portfolio (rationalization of low-operating power sources).
- Optimize power source operations including fuel and electricity market transactions, and minimize procurement costs.
- Promote introduction of a digital technology-based surveillance and maintenance system.

2 Zero-carbon power sources/ hydrogen

Nuclear power

- Ensure operation of all seven reactors in our nuclear power plants in a sophisticated manner with safe and secure operations as a basic premise.
- Conduct technical studies of next-generation successor models with an eye on replacement, as well as surveying HTGRs and SMRs.
- Promote the nuclear fuel cycle.

Renewable energy

- Work on new development projects with a focus on offshore wind power.
- Improve existing hydropower plants.

Thermal power

- Conduct technical studies and cooperate on hydrogen/ammonia power generation and CCUS in the “carbon recycling technology hub,” etc.

Hydrogen

- Conduct technical studies and demonstrations for building a hydrogen supply chain in the “hydrogen utilization technology hub” and other purposes.

3 Solutions

Provide new value to meet diversifying customer needs for new lifestyles, zero-carbon emissions, improved resilience, etc.

Household customers

- Provide services combining energy with electric appliances, storage batteries, etc. and platform services beyond energy.

Corporate customers

- Provide total support to on-site renewable energy power sources, zero-carbon menus, etc. aiming to achieve zero carbon.

Communities/e-mobility

- Provide community energy management services to improve resilience.
- Provide package services related to electric mobility.



Energy Business

Initiatives in fiscal 2020

1 Restoration of profitability

Rigorous cost structure reforms

Each division is working on a variety of measures, including cutting down overhead and maintenance costs, to improve profits by about 90 billion yen in fiscal 2025.

Concrete measures

Streamlining inspections of hydropower plants

While conventional conduit inspections involve a temporary plant shutdown and inspections by personnel to check for possible damage, the procedures have been streamlined, where water surface drones are used to inspect the inside surface of

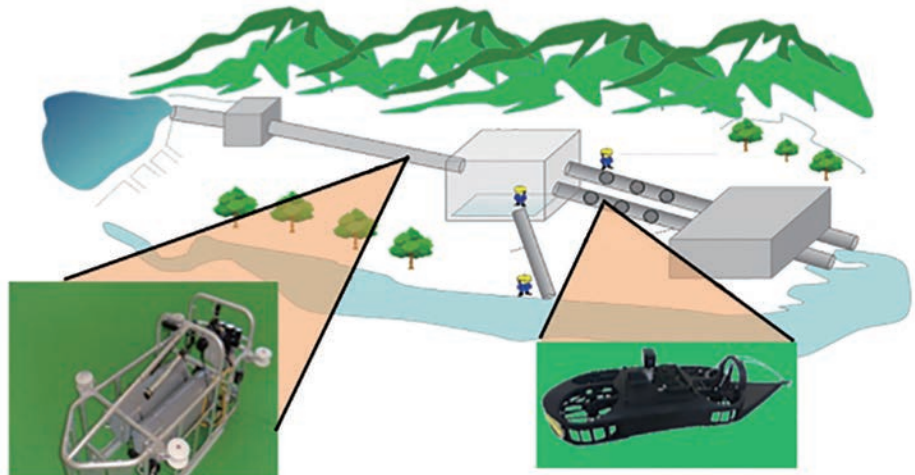
penstocks, with new drones being developed and commercialized. This results in a shorter inspection period, lower inspection costs and higher power outputs.

Meanwhile, our digital technology, including the use of these drones, is shared with others through our group companies, contributing to safe and efficient maintenance/management of infrastructure installation.

Streamlining monitoring inspections of thermal power plants

A robot monitoring system using AI technology is in place at our thermal power plants; the plan is to automate monitoring inspections to detect defects such as oil leaks and abnormal heat/sound in real time.

P32 Refer to "Development of an automated monitoring inspection system using robots and AI for thermal power plants."



Water surface drone for inspection of the inside of penstocks

Drone for inspection of iron pipes for hydropower plants

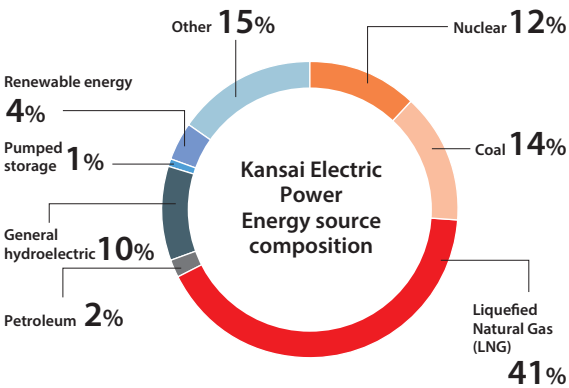
2 Zero-carbon power sources/hydrogen

Facility design concept—committed to becoming Japan’s leading zero-carbon energy company

Placing a premium on safety (S), we are creating a balanced, optimal power mix that can achieve 3E (Energy security, Economy and Environmental conservation) (S+3E).

In particular, the Kansai Electric Power Group has set out a Zero Carbon Vision 2050 to create a zero-carbon society while pursuing “zero-carbon power sources,” including nuclear, renewable and zero-carbon thermal power.

Composition of power sources (supply and demand record by source)  
• FY 2020 results



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

**Direction**  
**With “S+3E” as a precondition**

The utmost efforts will be made to introduce renewable energy, use nuclear power and promote zero-carbon thermal power to achieve our Zero Carbon Vision 2050.

The top spot for the amount of zero-carbon power generation in Japan

Halve CO<sub>2</sub> emissions by FY 2025 (compared to FY 2013)

Approaches to nuclear power generation

Establishing the seven reactor system

Preparing for operation beyond 40 years

Nuclear power, a well-balanced energy source contributing to 3E (Energy security, Economy and Environmental 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.

In addition, we are communicating face-to-face with stakeholders through online symposiums, briefing sessions and lectures on demand to help them better understand over 40 years of operation at our nuclear power plants. We will also continue to proactively communicate with the public as well as communities near the plants.

Meanwhile, following the introduction of new regulatory standards in July 2021, the Mihama Nuclear Power Station Unit 3 went into full operation for the first time in Japan as an over forty-year-old nuclear power plant.



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

Concrete measures

Promotion of safety improvement measures

Large-scale safety renovations started at the Mihama Nuclear Power Station Unit 3 and Takahama Nuclear Power Station Units 1 and 2 for over 40 years of safe operation, with main construction (facility construction and replacement, etc.) completed at the Mihama Nuclear Power Station Unit 3 and Takahama Nuclear Power Station Unit 1 in September 2020.

Examples of construction work to improve safety:

• Seawater tunnels were bored through solid ground to improve earthquake resistance, with existing tunnels replaced at Takahama Nuclear Power Station Unit 2. Voluntary safety improvement measures, moreover, are underway to comply with rules more stringent than the new regulatory standards.

Examples of voluntary safety improvement measures:

• Water supply vehicles were introduced to complement fire pumps for emergency cooling of reactor cores, resulting in faster water feeding and labor saving (Takahama Nuclear Power Station Units 3 and 4).

Addressing challenges with replacement in mind

Review of possible options such as next-generation light-water reactors, high-temperature gas reactors and SMRs\*

While maintaining and leveraging nuclear power generation are key to creating a zero-carbon society, construction, expansion and replacement of reactors should be continued to secure technical expertise and human resources for nuclear safety.

We cooperate with plant engineering companies in designing next-generation light-water reactors with improved safety and efficiency in preparation for future replacement while reviewing possible options such as high-temperature gas reactors and SMRs, monitoring the latest development trends at home and abroad.

\* Small Modular Reactors

Initiatives prioritizing safety

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.



Energy Business

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, one of our most important company rules. This 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.

Concrete measures

Learning lessons from the accident at Mihama Nuclear Power Station Unit 3, we place a premium on nuclear safety. Specifically, the accident at the Tokyo Electric Power 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.

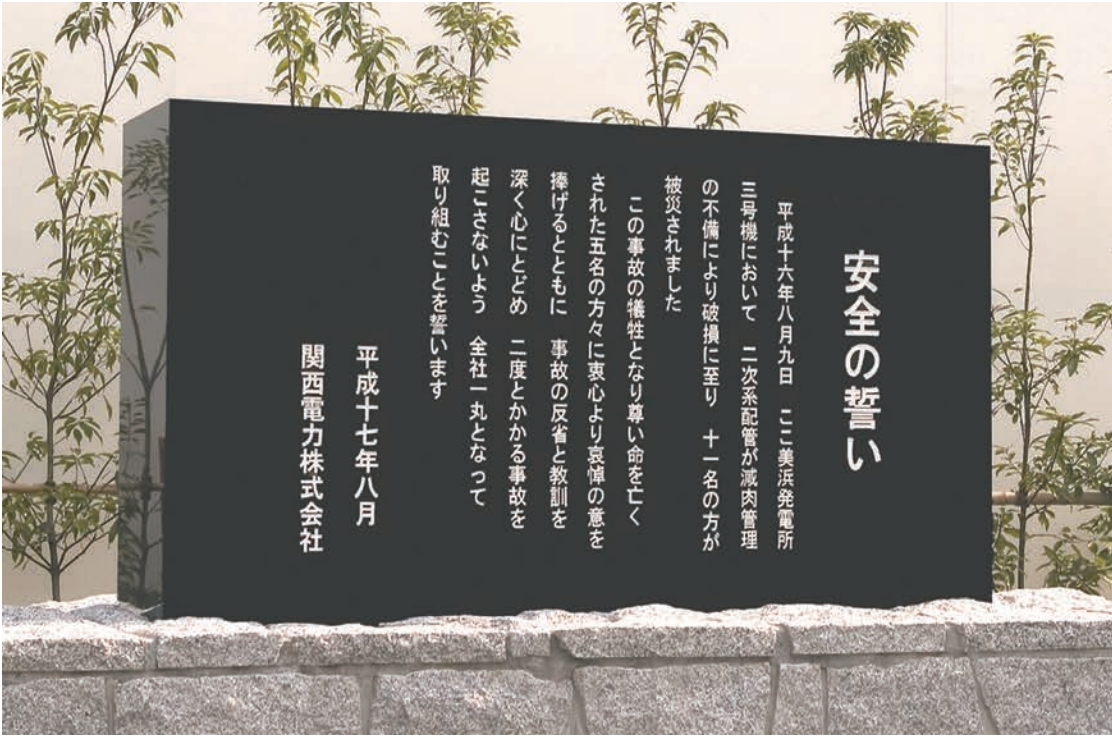
Boosting the accident response capacity

Comprehensive disaster drills are conducted at all nuclear power plants as a precaution in the event of a nuclear disaster. In preparation for severe accidents beyond design basis, involving serious cases such as injuries during accident response, efforts are also underway to further improve accident response capacity. These specifically include unscripted drills for participants and quick, appropriate restoration activities based on continuous improvements made by previous drills, all designed to prevent accidents from expanding. At the same time, we are working with five power companies\* and affiliates in West Japan to better deal with nuclear disasters.

Examples of drills:

- In addition to various power supply facilities complying with new regulatory standards, attachments are made and deployed to connect to other companies’ power supply vehicles, a means to diversify power sources.
- A special assignment team (SAT) consisting of group companies’ employees is in place to respond to severe accidents 24/7, working in cooperation with our employees (Takahama Nuclear Power Station).

\* Hokuriku Electric Power Company, our Company, the Chugoku Electric Power Co., Inc., Shikoku Electric Power Co., Inc., and Kyushu Electric Power Co., Inc.



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.

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.

Approaches to renewable energy

Further developing and leveraging renewable energy

Leading Japan in zero-carbon energy production, the Kansai Electric Power Group is generating over 2 million kW of renewable energy, aiming to expand its installed capacity at home and abroad to 6 million kW in the 2030s.

On the domestic front, for example, we focus on increasing hydropower output and promoting solar power, onshore wind power, offshore wind power, biomass power and thermal power generation, the total capacity of which stands at about 3.46 million kW as of the end of March 2021. We also focus on commercializing projects in the development stage, monitoring fundamental reviews of the FIT system. In addition, we are committed to helping customers and society achieve zero carbon by contributing to local communities and supplying power sources that are either developed or acquired while reducing power generation costs to become independent from the FIT system.



Sakai Solar Power Station



Awaji Wind Power Station

Concrete measures

Development status in Japan in fiscal 2020

In December 2020, the Kansai Electric Power Group and ENEOS Corporation jointly took part in a solar power generation project planned in Kamigori-cho, Ako-gun, Hyogo Prefecture.

Refurbishment of existing hydropower facilities

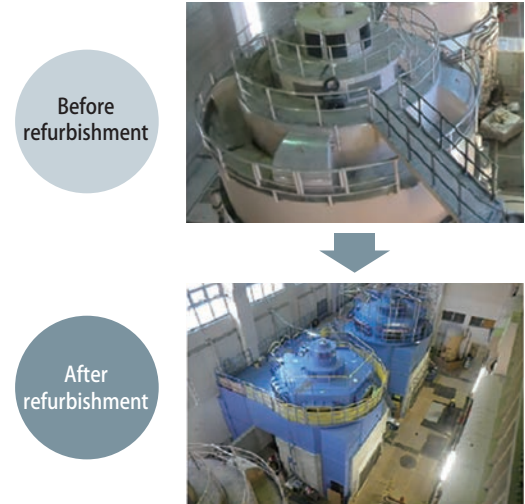
Hydropower generation, which has a history of over 100 years, has been providing clean energy in a safe and stable manner while co-existing and building mutual trust with local communities. Leveraging our accumulated expertise in hydropower, we conduct timely maintenance to extend the service life of facilities, thereby streamlining overall operations.

Refurbishment, for example, is planned for aging power generation facilities (replacement of water turbine generators) to further extend the service life, with modern equipment and design technology expected to improve their power generation efficiencies.

We will systematically refurbish existing hydropower facilities, as hydropower is a key power source that contributes to creating a decarbonized society.

Concrete measures

- Power plants under refurbishment (FY 2020)
- Maruyama Power Station Unit 1  
Before refurbishment: 139 MW  
After refurbishment: 141 MW (completed)
  - Kurobegawa No. 2 Power Station Unit 3  
Before refurbishment 73.6 MW  
After refurbishment: 74.7 MW (to be completed in July 2023)
  - Kasagi Power Station Unit 1  
Before refurbishment: 41.7 MW  
After refurbishment: 50.8 MW (to be completed in July 2023)



Energy Business

Using biomass at existing thermal power plants

We established Aioi Bioenergy Corporation with Mitsubishi Corporation Power Ltd. (present Mitsubishi Corporation Energy Solutions Ltd.), where fuel switch from heavy/crude oil to woody biomass is planned at the Aioi Power Station Unit 2 (Aioi City, Hyogo Prefecture); construction started in February 2020, with commercial operation scheduled for January 2023.

Woody biomass is a carbon-neutral energy source and we have been working on co-firing with coal at the Maizuru Power Station.

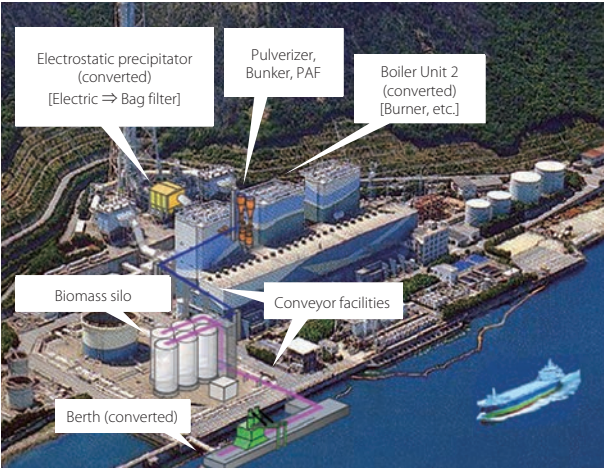
With a designed output of 200,000 kW, the Aioi Power Station Unit 2 is set to become one of the largest biomass thermal power plants in Japan.

We will continue to reduce CO<sub>2</sub> emissions, playing a part in achieving a zero-carbon society.

<Aioi Power Station overview>

Location: 5315-46 Aioi, Aioi City, Hyogo Prefecture

	Unit 1	Unit 2	Unit 3
Commencement of operation	September 1982	November 1982	January 1983
Rated capacity	375,000 kW	375,000 kW ⇒ Approx. 200,000 kW	375,000 kW
Fuel	LNG, Heavy oil and Crude oil	LNG, Heavy oil and Crude oil ⇒ Woody biomass	LNG, Heavy oil and Crude oil



How we eased the tight electricity supply last year

Multiple factors such as cold temperatures and power source malfunction between December 2020 and January 2021 put pressure on the electricity market and our fuel stock level decreased significantly.

We, therefore, accelerated the shipping schedule of procured fuel and additionally procured crude oil and LNG to deal with emergency situations.

For example, we leveraged our information network, which has been strengthened over the years through our overseas

bases, to negotiate procurement of LNG with dozens of suppliers, traders and Asian buyers. As a result, the procurement lead time, which usually takes about two months, was shortened significantly, contributing to easing tight electricity supply.



Our LNG carrier "SAKURA"

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.



Initiatives of the thermal power division

Challenge for realizing zero-carbon thermal power generation system

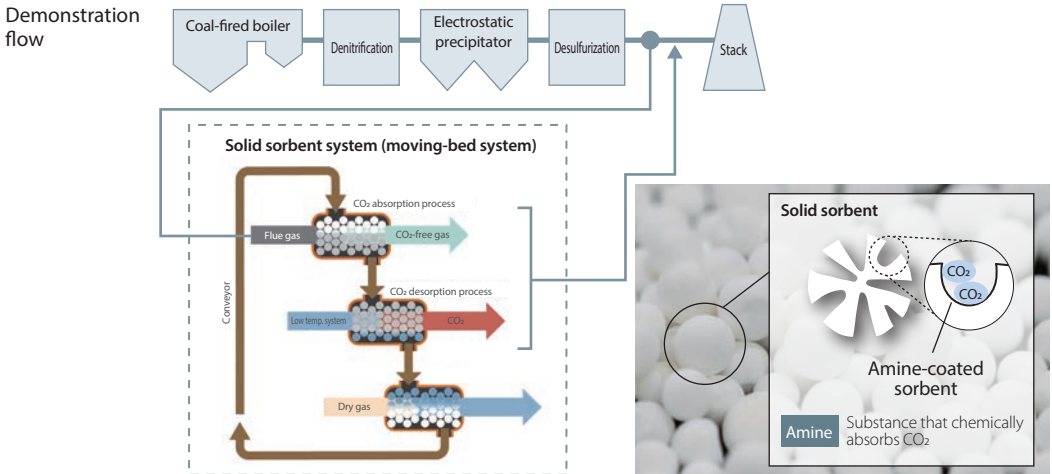
We agreed to cooperate in the demonstration project of CO<sub>2</sub> Capture System with low energy consumption developed by Kawasaki Heavy Industries, Ltd. (KHI) and the Research Institute of Innovative Technology for the Earth (RITE). In the project, KHI will set up a demonstration facility\*1 at our Maizuru Power Station and start operation in fiscal 2022, and CO<sub>2</sub> from the thermal power plant will be captured.

There are growing needs to develop and leverage energy-saving CO<sub>2</sub> capture technologies, because CO<sub>2</sub> emissions from industrial plants are thought to cause global warming.

The CO<sub>2</sub> capturing method with solid sorbent\*2, to be demonstrated in this project, is expected to realize significant reduction of energy consumption\*3 for CO<sub>2</sub> capture, compared with conventional methods. Therefore this method is expected as a promising next-generation CO<sub>2</sub> capturing technology, and the demonstration project is the first case of this method in Japan at a thermal power plant.

We would like to make a contribution to realize the decarbonized society through this project.

\*1 A 40 t-CO<sub>2</sub>/day scale test facility designed based on the test results of bench-scale test facility (3-5 t-CO<sub>2</sub>/day) at Akashi Works, KHI.  
\*2 A CO<sub>2</sub> capturing method uses a solid sorbent comprising porous solid containing compounds.  
\*3 The development target is to reduce energy consumption by more than 40%.



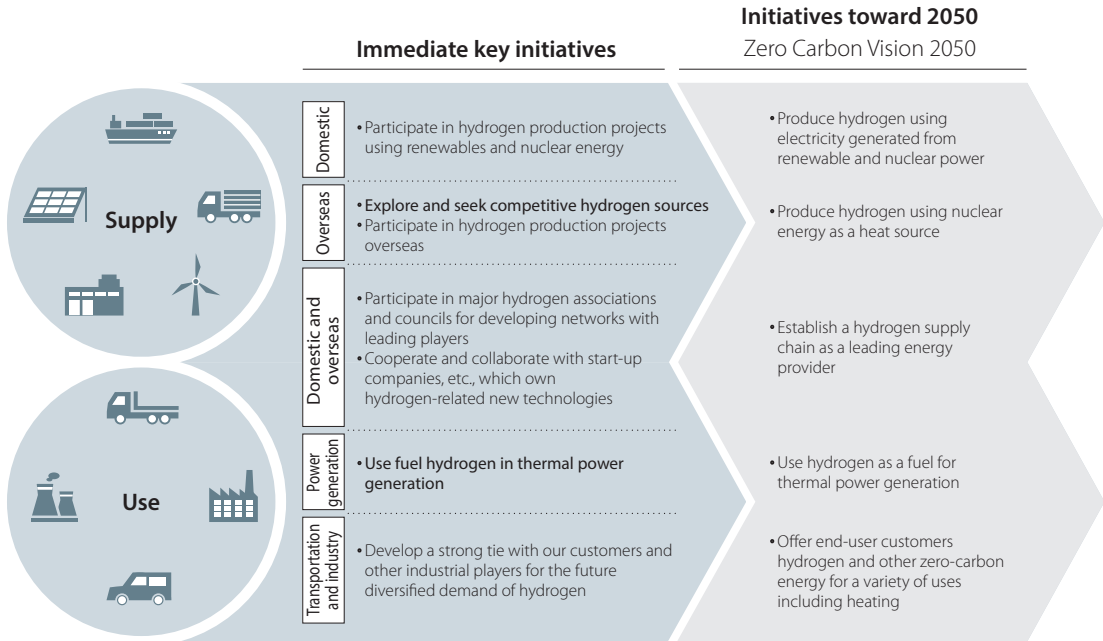
Approaches to hydrogen energy utilization

Toward realizing a hydrogen-driven society

In terms of hydrogen business, the Kansai Electric Power Group has steadily undertaken initiatives to get ready for building the future hydrogen-driven society including hydrogen production and its domestic supply through Hydro Edge Co., Ltd., a joint venture with Iwatani Corporation and Sakai LNG Co., Inc., and has

been implementing feasibility studies on co-firing hydrogen at thermal power plants.

Accordingly, in February 2021, we formulated and announced the Zero Carbon Vision 2050. Since hydrogen is an essential part of energy sources in the future zero-carbon society, the Kansai Electric Power aims to play a major role in realizing a hydrogen-driven society and tackle the challenges to produce, transport and supply zero-carbon hydrogen and use it as an alternative power generation fuel.

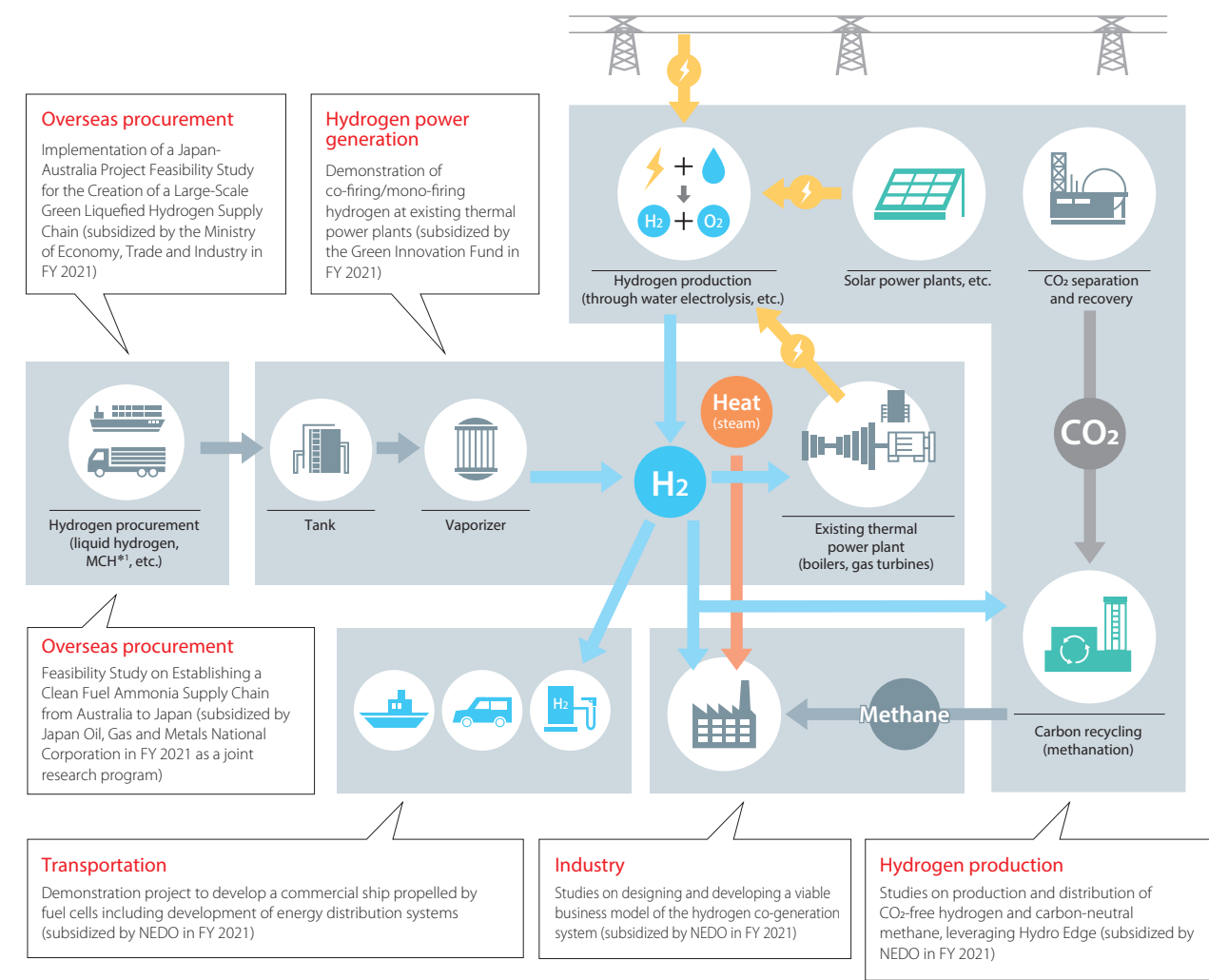




Energy Business

Concrete measures

We accelerate efforts to realize a hydrogen-driven society through considering a wide range of hydrogen business opportunities including production, transport, supply and utilization for generation fuel.



3 Solutions

Creating a prosperous future with customers

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.

While customers and society have increasingly different needs, with social changes triggered by the global decarbonization movement and COVID-19 infection, we are

committed to exceeding customers' expectations so that they will continue to select the Kansai Electric Power Group. Specifically, we are addressing head-on the needs and problems of customers and society while expanding and providing valuable service solutions to serve the public, businesses and communities.

Services for residential customers

We offer a variety of services to help customers live comfortably, conveniently and economically. These include electric bill structures that meet customers' lifestyles, combined price plans for gas and electricity, total electric

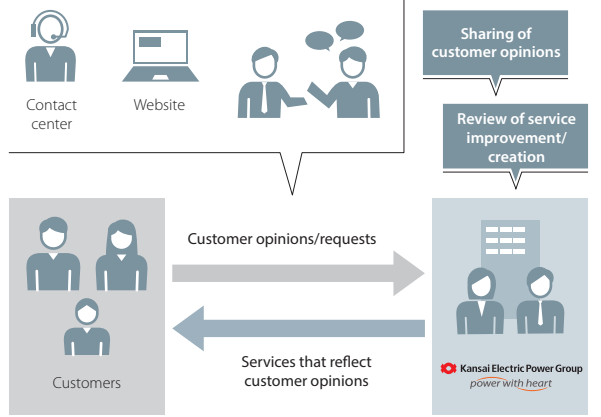
conversion for a zero-carbon life and integrated plans for energy and electric equipment.

We also have services that are helpful for our customers' daily lives, including a service to dispatch support personnel to customers experiencing problems, such as sudden power outages, as well as opening an EC mall designed to make life more convenient. All these solutions are available, tailored to the needs and lifestyles of customers.

As a comprehensive energy company, we will continue to promote initiatives for customer satisfaction.

**Capturing customers' feedback to create and improve services**

We work to create and improve services in response to requests received from customers through our contact centers, website, etc. so we can meet our customers' needs.



Services for corporate customers

We offer a wide range of services, including energy sales, energy management system services, energy solutions (PV, storage batteries, electrification, etc.), mobility services and business solution services. All these are designed to help customers solve increasingly diversified and complex management and social issues, such as growing environmental needs associated with decarbonization and carbon neutral initiatives, and constantly changing business environments due in part to intensifying natural disasters.

Concrete measures

**Example of on-site solar power generation services provided**

We provided on-site solar power generation services to Trial Company, Inc., where the Super Center Tondabayashi (Osaka Prefecture), a supermarket opened in the spring of 2020, uses green electricity to power the entire store, thereby contributing to environmental conservation.

They plan to continue using the services and opt for solar power generation for captive consumption while looking at

combining solar power generation with storage battery solutions as part of its Business Continuity Plan (BCP). We will therefore further strengthen our partnership to help them expand their business.



Trial Company logo and solar panels

**SDG Roadmap for Electric Utilities announced by the WBCSD**

The WBCSD or World Business Council for Sustainable Development announced a roadmap on March 15, 2021 to propose actions to be taken by electric utilities to help achieve SDGs.

This roadmap was jointly developed by 11 electric utilities with multinational operations, including the Kansai Electric Power Company. We will participate proactively in these kinds of initiatives to contribute to the achievement of the SDGs.



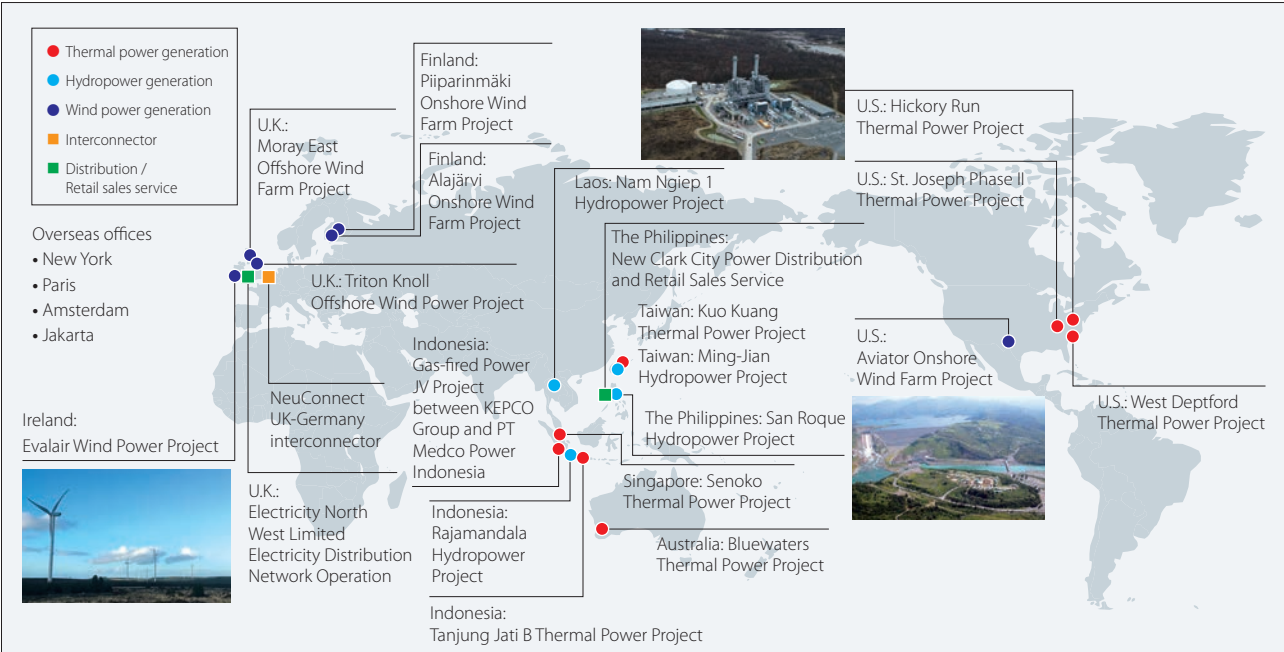
Energy Business

Overseas Energy Business

Overview

We have participated in a total of 21 projects in the domains of power generation, transmission and distribution across 11 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 overseas bases including New York and Amsterdam, we aim to expand our global power business so it can continue to grow as a key cornerstone of the Group's overall earnings.



Business environment

Opportunities	Risks
<ul style="list-style-type: none"><li>Economic development and increase in global energy consumption, particularly in emerging countries, open opportunities to increase revenue.</li><li>As the notion of ESG and shift toward decarbonization gain momentum, new business opportunities emerge in the field of renewable energy.</li><li>Development of new technologies such as hydrogen, storage batteries, and floating offshore wind power turbines, lead to new business opportunities.</li><li>Advancement in the use of digital technologies (AI, IoT, etc.) expands the frontier for new business opportunities.</li></ul>	<ul style="list-style-type: none"><li>Risk of project delay due to the prolonged impact of COVID-19</li><li>Risk associated with pandemics, natural disasters, civil wars and terrorism</li><li>Decline in the business conditions of thermal power projects due to the acceleration of global decarbonization.</li><li>Risk of decrease in revenue due to economic stagnation, political and institutional changes, market fluctuations, climate change, etc.</li></ul>

Business strategies

Directions to take	<ul style="list-style-type: none"><li>Promote energy businesses that contribute to achieving zero-carbon society.</li><li>Provide solutions related to our customers' energy usage.</li><li>Improve profitability by utilizing our business know-how and leveraging our network.</li></ul>
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5-year Efforts

<b>1 Zero carbon</b>	<ul style="list-style-type: none"><li>Focus on IPP projects mainly in the field of renewable energy.</li><li>Participate in transmission and distribution businesses that contribute to power grid stabilization when large-scale renewables are introduced.</li><li>Participate in businesses utilizing new technologies such as hydrogen, storage batteries and floating offshore wind turbines.</li></ul>
<b>2 Solutions</b>	<ul style="list-style-type: none"><li>Support the reduction of energy costs and the environmental load.</li><li>Support the planning, construction and operations of power stations by combining AI and IoT with our technological strengths.</li></ul>
<b>3 Increase profitability</b>	<ul style="list-style-type: none"><li>Asset portfolio reclassification.</li><li>Apply feedback from overseas operations to domestic businesses.</li><li>Enhance risk management capabilities.</li></ul>

Initiatives in fiscal 2020

Expansion of our overseas power business

The Hickory Run Thermal Power Plant and the Aviator Onshore Wind Farm completed their construction and commenced commercial operation in the U.S. in fiscal 2020. The Hickory Run Thermal Power Plant is our first joint project in North America that we have been involved since the beginning of development. The electricity generated is distributed through PJM, the largest wholesale electricity market in the U.S. The Aviator Onshore Wind Farm, equipped with 191 wind turbine generators, is one of the largest onshore wind farms operating in the U.S. It is our first joint renewable power generation project in the U.S. and the first of its kind in which a Japanese power utility ties up exclusively with an American company to operate an onshore wind farm on U.S. soil.

We also have a stake in the Piiarinmäki Onshore Wind Farm, our first joint onshore wind power generation project in Finland and the fourth of its kind in Europe after an onshore wind farm in Ireland and two offshore wind farms in the U.K. Japanese power companies had never before participated independently in onshore wind power generation projects in Finland. The Piiarinmäki Onshore Wind Farm is expected to be one of the largest wind farms operating on Finnish soil. With the Aviator Onshore Wind Farm and the Piiarinmäki Onshore Wind Farm, renewable energy accounts for about one third of the total power generation assets invested and owned by the Kansai Electric Power Company.

In April 2021, we launched joint business of advanced gas-fired power generation and O&M services in Indonesia in partnership with Kanden Power-Tech Corporation and PT Medco Power Indonesia; a joint venture between the three companies operates five gas-fired power plants (with a total installed capacity of 202,000 kW) while providing O&M services at two locations. This project marks our first overseas undertaking to collaborate with local power developers for the continuous and

sustainable promotion of the power business. The Kansai Electric Power Company and Kanden Power-Tech Corporation are committed to providing services for the construction and operation of power plants, as well as for reduction of energy costs and environmental loads, while utilizing its technical expertise and experience cultivated throughout its history. We position this project as a platform to achieve sustainable growth in Indonesia.

**Power generation capacity by investment ratio (as of the end of August 2021)**

**2.843 GW**

Breakdown:  
Thermal power: 1.788 GW  
Renewable energy: 1.055 GW

**Overseas power projects (as of the end of August 2021)**

**21 projects in 11 countries**



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 by participating in regulated business with stable cash flow and early development stage projects with higher expected return, and by moving planned projects forward successfully as well as by continually improving businesses in which we have a pre-existing stake.

Business Segments

Transmission and Distribution Business

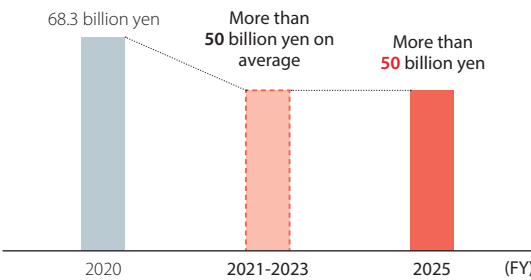
Yoshihiro Doi  
President and Director  
Kansai Transmission and Distribution, Inc.



Overview

Following the revision of the Electricity Business Act to make the transmission and distribution business more neutral, Kansai Transmission and Distribution, Inc. was incorporated in April 2020, taking the general power transmission and distribution business of the Kansai Electric Power Co., 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.

Medium-term Management Plan Targets  
Ordinary income



Business environment

- The introduction of a new wheeling pricing system has a significant impact on the management of the transmission and distribution business.
- Environmental consciousness (shift to zero carbon, etc.), changing lifestyles post COVID-19, and technical innovations and environmental changes corresponding to diversifying social needs provide both opportunities and risks to the Kansai Electric Power Group.
- Transmission and distribution facilities are aging, among many other problems surfacing.

Opportunities

- Investment to respond to a new wheeling pricing system
- Electrification promoted by the zero carbon movement
- Increased use of wide area power grids
- Customers' diversified needs for the use of power grids, etc.
- Advancement in digital technologies (AI, IoT, etc.)

Risks

- Decreased power grid demand due to power and energy saving
- Intensified natural disasters and possible earthquakes in the Nankai Trough
- Changing social needs (lifestyles, etc.) post COVID-19

Business strategies

The three business areas will be developed in Kansai Transmission and Distribution, Inc., involving transmission and distribution, growth promotion and business foundations, with a positive growth cycle created between them to turn ourselves into "what we aspire to be."

Transmission and distribution

Create one of the best cost structures in the industry and produce results exceeding public expectations, with a new wheeling pricing system in place.

Growth promotion

Develop new businesses, promote global investment operations and increase external sales of Kansai Transmission and Distribution Group to dramatically expand the overall business.

Business foundations

Promote safety and compliance, improve the organization culture through the Toyota Production System (Kaizen), etc., contribute to local communities, and increase productivity through DX and workstyle innovation to build a stronger business foundation.



What we aspire to be as Kansai Transmission and Distribution Group

Leveraging our advanced technology to develop and provide attractive services that support customers and society, we aim to be a corporate group spearheading development of the transmission and distribution business at home and abroad.

5-year Efforts

1 Transmission and distribution

1. Ensuring stable supply

- ① Upgrade asset management.
- ② Respond to intensified natural disasters.

2 Growth promotion

1. Further expanding new and overseas business operations

- ① Develop new areas in new businesses.
- ② Develop investment operations in overseas businesses.

3 Business foundations

1. Building a robust safety and health culture  
2. Steadily implementing business improvement plans  
3. Reforming the organization culture

- ① Promote a customer-oriented organization culture.
- ② Foster an open organization culture.
- ③ Foster an organization culture that pursues genuine work.

2. Contributing to zero carbon initiatives

3. Reforming cost structures and promoting measures to expand earnings

2. Developing new services leveraging new technologies

3. Expanding operations through cooperation among three group companies of Kansai Transmission and Distribution Inc.

4. Contributing to development of local communities

5. Improving productivity through drastic operational reforms

- ① Upgrade systems and push forward with DX.
- ② Further promote workstyle innovation.

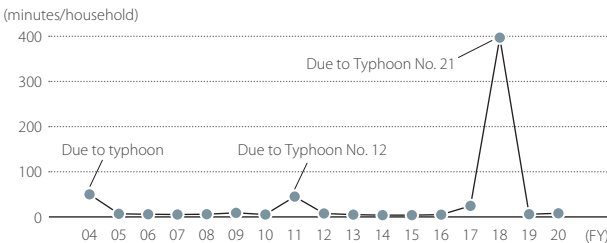
Initiatives in fiscal 2020

1 Transmission and distribution

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



Cross-regional supply and demand adjustment

"Cross-regional supply and demand adjustment," where regulated power supply is leveraged nationwide in ascending order according to price, started in March 2021 to further reduce the cost of supply and demand adjustment, which was previously conducted by area. We will work on the services for further expansion in fiscal 2023.

Cross-regional supply and demand adjustment timetable

	FY 2020	FY 2021	FY 2022	FY 2023
Test operations, expansion of service areas	Implemented in the Kansai, Chubu and Hokuriku areas			
Commercial operations (equivalent to Replacement Reserve and Replacement Reserve for FIT*)		Implemented in nine areas nationwide, excluding Okinawa		
Expanded services (equivalent to Frequency Restoration Reserve*)				

\* These refer to services provided in the supply-demand adjustment market.

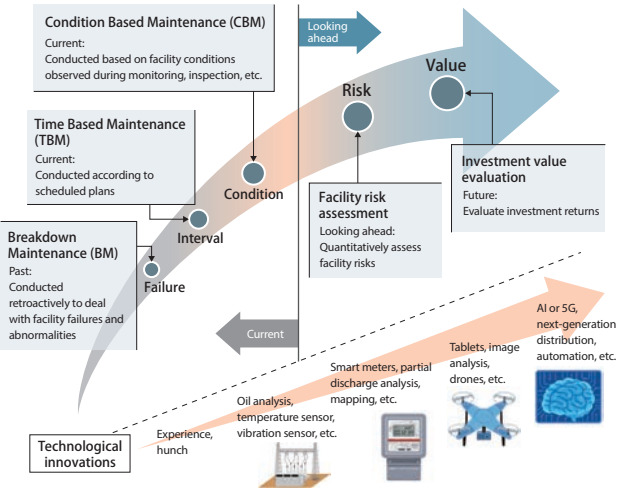


Transmission and Distribution Business

Advanced asset management

As our facilities age, the focus of our renovation plan is shifting from condition based maintenance to facility risk assessment to efficiently and cost-effectively implement renovations, the need for which is on the rise.

In addition, we started developing a system in fiscal 2020 for investment value evaluation to upgrade asset management. This system will be fully introduced to identify optimal renovation plans with high investment returns.



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 emergency response drills are conducted every year and these drills see full collaboration between the Kansai Electric Power Co., Inc. 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.

Moreover, with the President of the Kansai Electric Power Co., Inc. serving as Chief of the Emergency Headquarters, group-wide comprehensive emergency response drills are conducted every year and these drills see full collaboration between the Kansai Electric Power Co., Inc. 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.



Group-wide comprehensive emergency response drills

Number of participants in group-wide comprehensive emergency response drills (fiscal 2020)

1,175

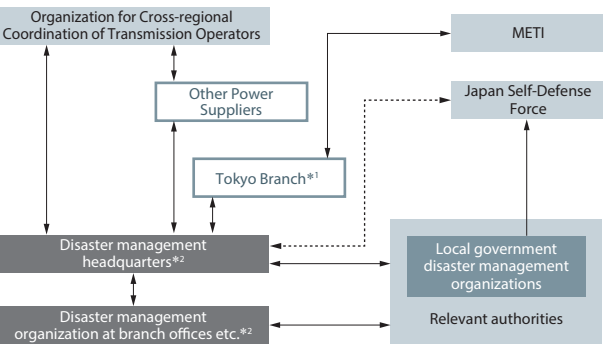
In the event of a major disaster, employees will be notified of any information pertaining to the disaster at the same time. We also have established action standards so that we can build a response system promptly after a disaster occurs, even on holidays or during the night.

Strengthening collaborative ties with concerned external organizations

Even in times without disasters, we are working to build relationships with governments, police, fire departments, the Japan Self-Defense Forces 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 participated in disaster response training sessions and programs held by municipalities and designated public corporations; moreover, we conducted joint training with the Self-Defense Forces and the Japan Coast Guard according to a cooperative system to respond to disasters.

Emergency system for communicating with relevant authorities



\*1 Kansai Electric Power Co., Inc.  
\*2 Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc.

Refer to page 78 of the ESG Report 2021 for details about our Group's disaster mitigation efforts.

Expanding power outage information app services

Information app services were launched in July 2019 to disseminate information about power outages in the Kansai area, specifically about the number of outages, prospects of restoration, previous outages, etc. in the areas served by Kansai Transmission and Distribution, Inc. A maximum of 10 locations can be registered, with an automatic push notification notifying power outages in the areas registered.

An additional push notification feature for momentary voltage drops, was added in September 2021, the first of its kind provided by general power transmission and distribution utilities.



Power outage information app GUI

Improving customer services through diversified information channels

Transmission and distribution contact centers were established in Aomori city (Aomori) and Sapporo city (Hokkaido) to provide customers with a sense of security where customers' calls in times of disasters are answered by personnel including those of other general power transmission and distribution utilities.

An additional center was established in Kanazawa city (Ishikawa) to offer chat-based inquiry handling services. We will continue to improve these services to provide electricity users with reliable support.

Transmission and distribution contact center personnel responding to phone calls

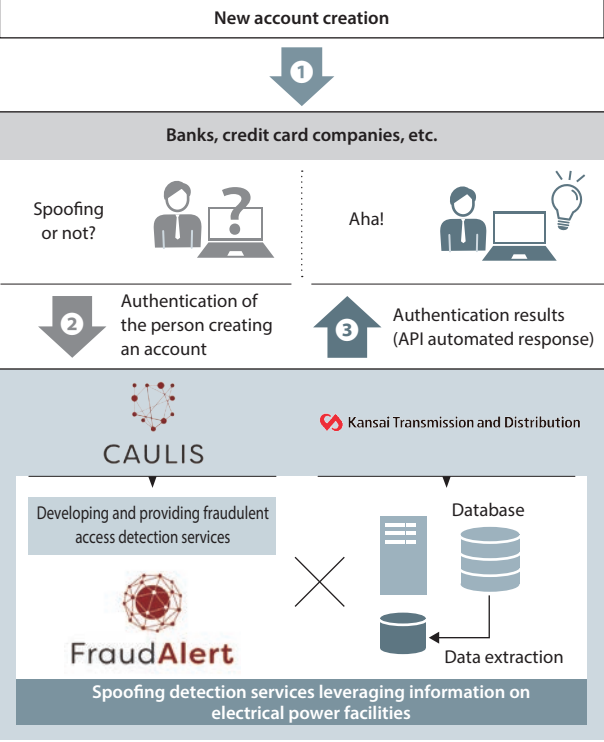


2 Growth promotion

Services to prevent fraudulent account creation, leveraging information on electrical power facilities

While financial infrastructure is often abused for crimes and money laundering, with suspicious transactions becoming a social problem, we provide services to prevent fraudulent account creation, the first of their kind in Japan, incorporating a new verification system, where Caulis Inc's system to detect fraudulent access (by spoofing, etc.) is combined with Kansai Transmission and Distribution, Inc's information on electrical power facilities.

Overview of services leveraging information on electrical power facilities to prevent fraudulent account creation



Expanding overseas operations

We have participated in 17 projects in 14 countries according to three themes: expansion of earnings, technological contribution and feedback to Japan. In fiscal 2020, we carried out consulting businesses to countries like Guyana and Nepal. Kansai Transmission and Distribution, Inc., meanwhile, is looking at investing independently in overseas projects to further boost its earnings.



Completion ceremony with Guyana Power and Light Incorporated

3 Business foundations

Promoting cost structure reforms

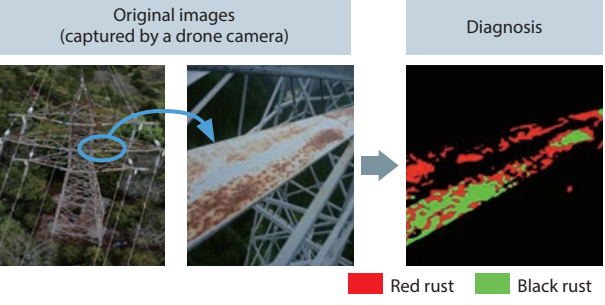
While electricity demand declines, we set a challenging efficiency target of 30 billion yen for connection of renewable energy to the power grid and for renovation and replacement of aging facilities owned by Kansai Transmission and Distribution, Inc. The President of Kansai Transmission and Distribution, Inc. spearheads this project, resorting to bold, unconventional measures.

Introducing Kaizen

We introduced the Toyota Production System (Kaizen) in October 2020 to strengthen a business foundation that can accommodate changes in the business environment; the trials and achievements made in fiscal 2020 will be promoted across the board to further improve productivity for fiscal 2021 and beyond.

DX activity (image analysis of corrosion on the surfaces of transmission towers)

While conventional visual inspection of corrosion on the surfaces of transmission towers by operators produces inconsistent results, an automated system has been developed where corrosion images captured by a drone camera are analyzed with AI for an efficient and precise diagnosis.



Red rust Black rust



Business Segments

Information and Telecommunications Business

Toyokazu Misono  
Director  
Representative Executive Officer, Vice President

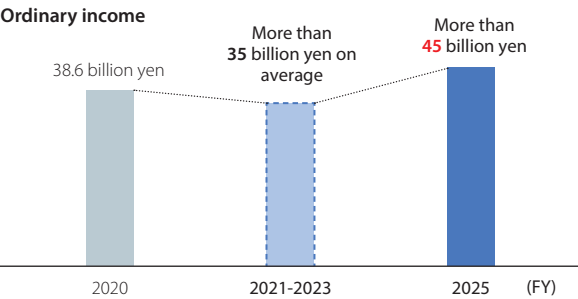


Overview

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.

Going forward, we are committed to building on our contribution to our customers and society by capitalizing on our Group's strengths in development of new businesses and services, such as provision of 5G-based high value-added solutions, creation of new solutions that support cloud computing and DX needs, and promotion of a green data center with an eye toward decarbonization.

Medium-term Management Plan Targets



Business environment

Opportunities

- Increase in demand for telework solutions for FTTH service subscribers and corporate customers
- Growing needs for business efficiency and automation, with the acceleration of DX promotion

Risks

- Changes in competitive environment caused by new entrants
- Changes in business structure with the emergence of innovative new technologies
- Intensifying price-cutting competition

Business strategies

Directions to take

- ① Demonstrate overwhelming competitiveness in information and communication infrastructure services in the Kansai region, and increase profits.
- ② Promote provision of high value-added services and creation of new solutions that contribute to increasing the value of information and communication infrastructure services as well as operating outside the Kansai region.

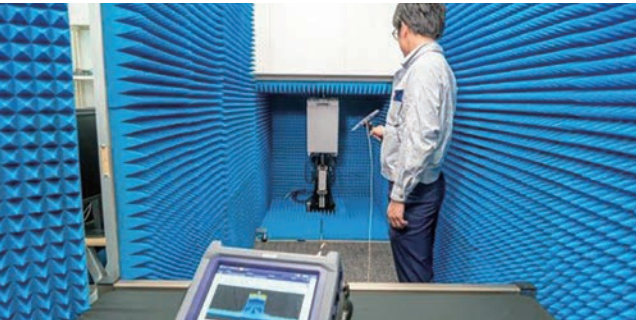
5-year Efforts

① Increase profitability

- Provide eo's ultra high-speed services and mineo's (Personal / Business) unique community-based services.
- Develop next-generation data centers.
- Provide Group assets (optical fiber, station buildings, transmission towers, utility poles, etc.) toward the spread of 5G communications.

② Solutions

- Provide IoT and high value-added solutions centering on the 5G core network.
- Provide new solutions to respond to the needs of cloud computing and DX.
- Set up new green data centers and promote green power source procurement.



Initiatives in fiscal 2020

Consumer services

The eo Hikari services, offered by the group company OPTAGE Inc., are FTTH services consisting of eo Hikari Net, eo Hikari Denwa (telephone) and eo Hikari TV, each of which capitalizes on a proprietary high-speed, reliable optical fiber network.

In fiscal 2020, OPTAGE launched ultra-high-speed optical internet services, such as Kansai's first 10-GB eo Hikari Net service for an entire condominium.

OPTAGE will continue to provide infrastructure services that from the basis for comfortable living while developing services to help families stay connected, taking into account varying family structures.



OPTAGE also offers the cell-phone service mineo (Personal / Business), where various unique services such as the Ambassador System and Yuzurune service are provided to mineo customers under the theme of co-creation. With the launch of mineo 5G and the new rate plan "My Pita" in fiscal 2020, OPTAGE is working to improve customer convenience and reduce service charges; accordingly, their efforts won first place in recommendable cell phone services and are also

evaluated highly in terms of customer satisfaction.

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.



Services for corporate customers

As services for corporate customers, we are taking on new challenges such as creation of new solutions that meet digital needs for sustainable growth.

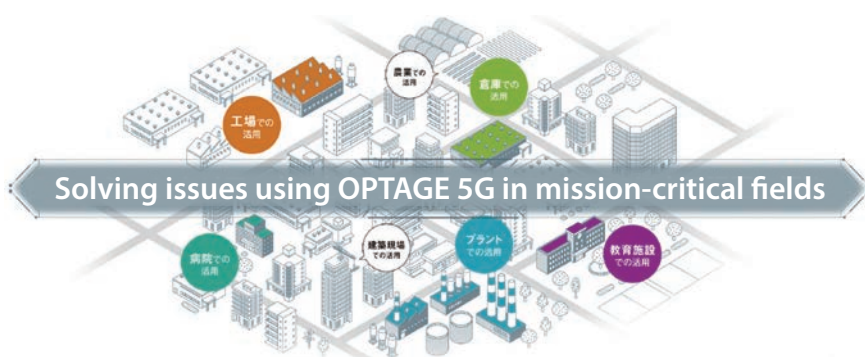
In fiscal 2020, we established Neutrix Cloud Japan (NCJ), a new company that provides the multi-cloud storage service Neutrix Cloud in Japan. Now that companies have accumulated enormous amounts of data, NCJ started to provide services at lower prices while ensuring the high level of security and reliability required for cloud-connected storage. Demonstration experiments at factories and apartments are also ongoing to develop new services that utilize Local 5G, which is a next-generation technology.

We will continue to contribute to promoting DX in society through creation of new services.



5G services

5G, the 5th generation mobile communication system, is a technology expected to satisfy a broad range of needs. At OPTAGE, we have started to provide 5G services through mineo for the purpose of steadily keeping up with technological progress and contributing to enhancing customer convenience. We remain committed to developing and providing new services to enable OPTAGE 5G to solve a variety of problems.





Business Segments

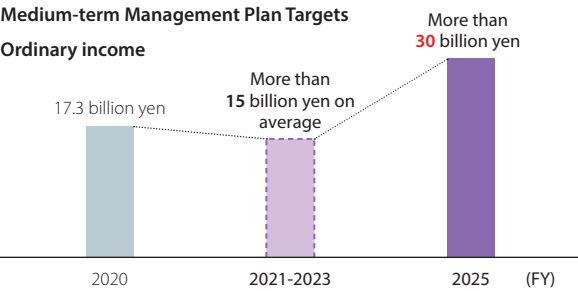
Life / Business Solution Business

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.



Business environment

Opportunities

- Robust demand for condominiums, office spaces, and leasing
- Increased business opportunities with the promotion of big projects such as attracting IR to Yumeshima and the Osaka Expo
- Increased business opportunities brought by advances in digital technology, etc.

Risks

- Delay in acquisition and development of new properties due to intensifying competition for property acquisition
- Sluggish real estate market resulting from sharp economic deterioration
- Damage to real estate value due to lower profitability of properties

Business strategies

Directions to take

- ① Engage in comprehensive real estate businesses to meet all real estate needs with a well-balanced combination of condominium, leasing and fee businesses, aiming to increase profit.
- ② Besides real estate, in highly competitive businesses where we can leverage our Group's strengths, aim to provide high value-added services seeking further increases in profit.

5-year Efforts

1 Real estate business

- Promote business focused on asset management by making effective use of funds such as REITs.
- Enhance services for condominiums according to life cycle, such as interior fittings and furnishings, renovations, brokerage and relocation.
- Find and strengthen medium- to long-term redevelopment projects, etc. through activities related to CRE (corporate real estate) solutions.

2 Other than real estate

- Provide diverse health checkup services that incorporate advanced testing technologies.
- Provide customer call center services based on digital technologies and high-level know-how.



Initiatives in fiscal 2020

We have made active efforts to increase sales of "CIELIA" condominiums in the Kansai and capital regions, and have provided 3,853 residences with this brand by the end of fiscal year 2020.



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 2020

3,853

Our real estate business in emerging economies, especially those in Southeast Asia, deals with primarily with condominium development projects, while the focus is on office leasing and condominium development in Europe, the U.S., Australia and other developed countries.

By the end of fiscal 2020, we have participated in seven condominium development projects in Vietnam, Indonesia, Thailand and the U.S., and 11 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 2020

18



Bangkok



Dallas in Texas



Washington, D.C.

About 56,000 contracts were signed for our home security services as of the end of fiscal 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 fiscal 2020

56,000



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

In not only real estate services but also other business areas where we can leverage the Kansai Electric Power Group's strengths, we will proactively incorporate digital and cutting-edge technologies to expedite offering of high value-added services, aiming for dramatic profit growth as well.



Message from the Chairman

We will push forward with governance reform to impress upon all stakeholders how much we have changed.

Sadayuki Sakakibara

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



Over the last year we have come together poured our energy into reclaiming the trust we lost

The cash and gifts incident caused us to lose the trust of society and even of employees within the Company toward executives. In June last year, we became a company with a nominating committee, etc., and I became Chairman of the Board. The Kansai Electric Power Company that I know is a company that boasts a glorious tradition and history, which is best represented by its construction of the *Kuroyon* dam (completed in 1963). I want us to be that company again, and over the last year, I have been wholeheartedly focusing my energies on enacting reforms, particularly vital governance reforms. In our corporate management, I value transparency, fairness, and agreement. The most important, by far, is transparency. Since I took up this position, I have been emphasizing this at every opportunity and worked to spread this way of thinking. I feel that the result, as seen through the activities of the Board of Directors and Compliance Committee, is that it has taken sufficient root.

Dialogue between management and employees has helped to share the thinking behind implementing multiple reforms

Looking back at our initiatives over the past year, I'm very pleased with the progress of the governance reforms that have become apparent. Specifically, we have been able to establish a governance structure with excellent transparency and objectivity; outside directors make up more than half the members of the Board of Directors and they also chair the Nominating Committee, Compensation Committee, and Audit Committee that characterize the new company structure. From

the President down, executive officers will eagerly take on reforms needed to break down the Group's introspective corporate culture. At Board of Directors meetings, too, they will listen carefully to what outside directors have to say and apply their opinions to the running of the Group. Through these and other actions, management based on prioritizing outside, objective viewpoints will gradually take root. Via dialogue with employees, the approach management is taking toward implementing these many reforms has slowly filtered down through the Group. In addition to the dialogue provided by executive officers, "Communication toward regeneration" as we are calling it, I and the outside directors have also been striving to have direct interaction with our frontline staff. At first, many voiced their lack of trust in management, as they had been working hard throughout. However, with the many opportunities to converse with one another, they came to firmly believe that, as the problems were not limited to management, they each needed to roll up their sleeves and take leading roles in working to restore trust. That experience led me to understand the strong desire to implement reforms has spread to every corner of the Group.

Bottom-up initiatives are steadily transforming our corporate culture

In the past, ours was a company that, in order to fulfill its mission of providing a stable supply of power, lauded doing things by the rules and following the orders of those in charge. The corporate culture was very much top-down. I think this meant there was little in the way of a culture that promoted communication going in the other direction, with few reports or proposals traveling up the organization. This has steadily changed over the last year. In March this year, as part of reforms to correct the corporate culture, we formulated the new

management philosophy. Its creation was not dictated top-down, but was a bottom-up initiative that began with discussions by mid-level employees. With this and lengthy debate between executive officers, including outside directors, I think we have ultimately managed to come up with an excellent philosophy that could even pass muster in international society. By continuing to include bottom-up initiatives like this in the future, I hope we can firmly establish a more open and natural corporate culture throughout the entire Group. As part of awareness surveys, we asked a large number of members of the public whether or not they thought that the Kansai Electric Power Company was a company that could be trusted. In a survey just after the scandal came to light, slightly fewer than 30% of respondents believed we were. However, in August this year, nearly 60% of respondents saw us positively, a return to pre-incident levels. This result is due to the tireless efforts of all employees over the past year, and it shows that society is becoming more approving of our actions. Still, in the coming years, I want us to have confidence and give our all to implementing the reforms we need to fully restore the trust we forfeited.

**Leading the way in the power industry, we declared our goal of carbon neutrality**

In February this year, we announced our Zero Carbon Vision 2050, under which we aim to cut the overall CO<sub>2</sub> emissions associated with our business activities to zero by 2050. When we were considering this project, I firmly stated within the Company that as part of the power industry, which produces a large proportion of Japan's total emissions, it was our duty to tackle carbon neutrality before anyone else. This is because I believe we should be leading the pack with our many nuclear power and hydropower generation facilities, which are non-fossil-fuel energy sources, we are in an advantageous position to contribute to achieving zero-carbon operations. Of course, it is easier said than done. That we were able to be a pioneer in our industry and declare our zero carbon intent is hugely significant and is tied to our desire for all Group employees to do everything they can to make it a success. To achieve carbon neutrality, it is imperative that we utilize nuclear power alongside renewables. As well as working to achieve the 3Es (Energy security, Economy, and Environmental conservation), nuclear power generation is also incredibly important as an indispensable base load power source. Earlier this year, at Mihama Nuclear Power Station Unit 3, we took a new step toward making it the first power plant in Japan to operate for more than 40 years since new regulatory standards were introduced. Going forward, we will continue to work toward safe operations predicated on guaranteeing safety, while gaining the understanding of the region and society. The use of hydrogen energy will also be important. Hydrogen will be an invaluable energy source for achieving

carbon neutrality, and in the coming years it will likely become a major pillar of our Group's business. Therefore, we are endeavoring to establish a supply chain so we can not only use hydrogen as a fuel for generating electricity, but also produce, transport, and supply it to others; I would like us to be a major player in the coming hydrogen age. Achieving a zero-carbon society will not be an easy matter yet we have to accomplish this goal while also maintaining economic viability. Despite the many obstacles to overcome, I think that the Group must boldly take on this challenge and cooperate with the relevant people from every quarter, in order to lead efforts to achieve a zero-carbon society for Japan.

**As the business environment undergoes enormous change, the Group will proceed with major reforms aimed at sustainable growth**

Step by step, the electric power business has shifted from a world in which we held a regional monopoly and used the FCD method to one of free competition. Now, with the liberalization of retail electricity sales, combined with the economic stagnation of recent years, we find ourselves in a very harsh environment in which we are losing market share as the market shrinks. We have to survive this competition with our rivals and achieve sustainable growth; in March this year, we formulated a new Medium-term Management Plan as an action plan for how to accomplish this. As part of this plan, we will push forward with three key initiatives: seeking to achieve zero carbon initiatives (EX), transforming into a service provider (VX) to create various types of new value, and building a robust corporate constitution (BX) to improve our cost-competitiveness. Through these, we will successfully bring about a complete reformation of the Kansai Electric Power Group, what we call Kanden Transformation (KX). These targets are extremely challenging, yet President Morimoto and the other executive officers will gather up the Group's collective strength. As we anticipate the changes in the times and the needs of our customers, we will face down a variety of issues and, fully resolved to open up a path to sustainable growth by any means at our disposal, press forward with the efforts laid out in this plan. While my perspective and role are different from those of the executive officers or employees, we are united in our thinking toward the revival of the Kansai Electric Power Group and its future growth. I would like all stakeholders to be able to recognize that the Kansai Electric Power Group has returned to its glory days of the past, and to that end President Morimoto and I will be working in tandem with the twin goals of restoring trust and achieving sustainable growth. As well as raising the efficacy of a whole host of reforms, I will be doing my utmost to ensure the Group is able to take on the challenge of moving forward in leaps and bounds.



Messages from the Outside Directors



Spreading the management approach to employees a little at a time

I have sat on the Board of Directors as an outside director since June last year and I and the other outside directors have all been free to speak our minds and, as a result, discussions have been lively. At first, I had imagined that Board of Directors meetings would be stiff and formal, but Mr. Sakakibara is a very capable chair, and the executive officers have been earnest in listening to opinions from the varied perspectives offered by the outside directors and repeatedly incorporated them into their deliberations; as such, I think that the Board of Directors is functioning effectively. Nominating Committee discussions thus far have also covered extremely important topics, including a plan for the President’s successor, the skills the directors possess, and independence criteria for the outside directors. Regarding proposals by the management offices, with no prior knowledge base, our discussions involve exchanging ideas and we have been able to achieve management that ensures effectiveness.

I have also been able to interact with people from a number of different departments. To begin with, many expressed anxiety or confusion, and I noticed the difference in enthusiasm from members of management. I do feel that employees have slowly but surely become more positive with the formulation of the new management philosophy, Medium-term Management Plan, Zero Carbon Vision 2050 and other company policies as management has successfully broadcast the intent behind these. The new management philosophy in particular is easy for employees to take in and has resonated with them, because it was created through a process that involved debate among mid-level employees, including those from group companies, who then made proposals to management. The word that sums up one strand of the philosophy, Purpose, is a simple but important one. I personally feel that the Kansai Electric Power Group has come up with a wonderful management philosophy that fits perfectly.

Developing an environment focused on tackling challenges as well as sharing information in an easy-to-understand manner

The Kansai Electric Power Company’s ultimate mission is to provide a stable supply of energy and I think the deeply ingrained corporate culture is characterized by a strong desire not to make mistakes. That has its advantages, but we must also be prepared to take risks as we tackle new challenges to grow sustainably as a company in a business environment that is subject to rapid changes. I believe it is vital we promote diversity to foster a culture of taking on such challenges. Regardless of their gender, all employees will be given equal opportunities. Each person can strive to overcome challenges by sharing opinions based on their own individual strengths. It is enormously important we establish an environment that enables this. I hope I can contribute to this in whatever way I can.

How we release information outside of the Group is also very important. To continue to be needed, and selected over others, the most vital thing is that we become more transparent. Including nuclear power operations, what does the Group do every day? What value do we provide to our customers and society? What we should be doing is communicating in a way that is easier to understand.

Expressing different opinions and robustly discussing the essence of management

Born and raised in Tokyo, I had never crossed paths with the Kansai Electric Power Company. Moreover, the global company where I previously worked operated in a competitive market completely unlike the power industry. Therefore, much of my viewpoint was poles apart from the approach and culture that the Kansai Electric Power Company had built up over the years since it was first founded. I think that career history made an impression and led to me being selected as an outside director. When everyone else is thinking along the same lines, a different opinion put boldly can enliven debate. I will continue to strive to steer the Board of Directors so it can properly discuss whether proposed actions really are positive and what we should be doing as a company—the essence of management.

Conversations with employees are also highly worthwhile, and by actively participating in future dialogue, and feeling a change in the awareness of all employees, I hope that I can assist with reforms to develop a corporate culture centered on diversity.



Steadily changing awareness of compliance

The most important starting point for the Company’s regeneration is, I believe, how executives and employees take on board the issues presented by the problems of the cash and gifts scandal and compensation for retired officers. It is only natural society judged the Group harshly for these incidents but the reason this wasn’t foreseen is probably due to a feeling that the highest priority was providing a stable supply of power and anything that furthered this cause could be forgiven. Executives likely thought that, to the public, theirs was a closed-off world free from judgmental reviews or the need for remorse. In light of the Enron scandal in the US, compliance and governance were being strengthened but the Company was negligent in that respect, and saw it as someone else’s business, not its own. I saw that we had led society to feel this way.

Since June last year, I have attended meetings by the Board of Directors and the Audit Committee as well as sitting in at the Executive Meeting and spoken with people from various departments. This has led me to believe that executives and employees have taken the issues I mentioned above seriously and are highly conscious of the need to transform the Kansai Electric Power Group. The dialogue with employees taught me that many originally believed the problems were limited to a certain part of management and that they themselves were doing things by the book; they now realized that they too were prioritizing stable power supplies over all else and prided themselves that if they carried on as normal everything would work out. The employees also stated that if they failed to review their own work practices and improve where needed, they would never be able to regain lost trust.

It is important everyone is aware that compliance is not a goal, but a matter of course, a default state. Compliance is not merely abiding by rules and regulations, but it should be understood as a wider ranging topic covering business ethics. It is vital thorough reviews of how people do their jobs, including looking at troublesome gray areas that do not fit into clear black-and-white

definitions of right and wrong, are carried out at a company-wide level, not just at selected departments, and guidelines are clarified. I do believe awareness of these issues is steadily changing.

Knowing how far to tolerate risk is the key to success

To put the Group on the path to long-term growth and resultant increases in corporate value, the first step is restoring the trust it lost. To do this, there is a need to ensure the governance and compliance frameworks are effective. This effectiveness can be improved by outside directors and committee members who do not have a financial stake in the Group’s profits and losses, whose roles will be to watch, listen, insist on explanations, and carry out their own investigative, critical reviews. The Board of Directors, and the outside directors that make up around 60% of its members, will need to continue to fulfill this duty.

We will also need to establish new businesses as well as furthering core businesses, with a focus on upheavals in the management environment and the promotion of sustainability. This will require us to estimate potential returns and make decisions on how much risk we can accept in our business selection, concentration, and investments. Various plans have already been proposed to help with the Company’s regeneration, and some are being implemented but the keys to success will be how long a timespan we allow ourselves to determine whether a business can be continued or not, and to what extent we tolerate risks that threaten our ability to achieve our management objectives. Fiscal 2021 will be an important year for ascertaining those.

Continuously reflecting on whether the Group’s and the power industry’s idea of common sense matches up with that of society

For the Group, levels of uncertainty are high and there are various, complex conditions the Group must meet. Amid these circumstances, the Group is challenging itself to determine the path it will tread. The cash/gift receiving scandal and other problems are not easy to forgive, but I believe that in ten years’ time the Group will be praised for how it became a better company and was reborn.

The role of an outside director is not to become involved in the execution of business operations, but to supervise them. To perform this role, adequate and appropriate information about the facts is necessary and I will do my best to make sure I have such data in hand. While executives have this information at their disposal, they will need to ensure the data that forms the basis of their reports and disclosures is properly gathered, organized, and preserved. As their decisions and proposals will be seen by eyes outside the Company, I expect this will act as a check. I will keep the need to always reflect on whether what passes for common sense in the Group or the wider industry is the same as for society, and will continue to work as a moderating force as part of my duties as an outside director.



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  
Representative Executive Officer,  
Vice President

Nozomu Mori

Director  
Member of the Audit Committee

Yasushi Sugimoto

Director  
Member of the Audit Committee

Yasuji Shimamoto

Director  
Representative Executive Officer,  
President

Takashi Morimoto

Director  
Representative Executive Officer,  
Vice President

Toyokazu Misono

Director  
Representative Executive Officer,  
Vice President

Koji Inada



Directors

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)

Appointment reason

Mr. Sadayuki Sakakibara has held important positions of Toray Industries, Inc., which globally operates businesses, has assumed office as outside officer of other companies, and also as Chairman of the Japan Business Federation. As such, Mr. Sakakibara has a wealth of experience as a corporate manager and has conducted appropriate supervision and provided valuable advice on the overall management of the Company as Chairperson of the Board of Directors, Chairman of the Nominating Committee and a member of the Compensation Committee since he became the Chairman and Director of the Company in June 2020. The Company believes that Mr. Sakakibara can be expected to continue to play the same role.

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

Sadayuki Sakakibara



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)

Appointment reason

Mr. Takamune Okihara has held important positions of Mitsubishi UFJ Financial Group, Inc., which engages in banking business and other financial service business on a global level, and has assumed office as outside officer of other companies. As such, Mr. Okihara has a wealth of experience as a corporate manager and has provided opinions and advice on the management of the Company from a broad managerial perspective as Outside Director since June 2014, and as a member of the Nominating Committee and a member of the Compensation Committee since June 2020. The Company believes that Mr. Okihara can be expected to continue to play the same role.

Director  
Member of the Nominating Committee  
Member of the Compensation Committee

Takamune Okihara



June 2007: President and Representative Director, Kintetsu Corporation  
Apr. 2015: Chairman and Representative Director, Kintetsu Group Holdings Co., Ltd.  
June 2015: Outside Director of the Company (to present)  
June 2020: Representative Director and Chairman of the Board, Group CEO, Kintetsu Group Holdings Co., Ltd. (to present)

Appointment reason

Mr. Tetsuya Kobayashi has held important positions of Kintetsu Group, which operates a railway business and other service business on a diversified level, and has assumed office as outside officer of other companies. As such, Mr. Kobayashi has a wealth of experience as a manager of a company that engages in social infrastructure. Mr. Kobayashi has provided opinions and advice on the management of the Company from a broad managerial perspective as Outside Director since June 2015, and as Chairman of the Compensation Committee and a member of the Nominating Committee since June 2020. The Company believes that Mr. Kobayashi can be expected to continue to play the same role.

Director  
Member of the Nominating Committee  
Chairman of the Compensation Committee

Tetsuya Kobayashi



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)

Appointment reason

Mr. Shigeo Sasaki has held a number of important positions, among them Superintending Prosecutor at the Osaka High Public Prosecutors Office. Mr. Sasaki now serves as an attorney-at-law. As such, Mr. Sasaki has a wealth of experience in the legal profession and has provided opinions and advice on the management of the Company from a broad perspective including compliance as Outside Audit & Supervisory Board Member since June 2019, and as Outside Director and a member of the Audit Committee since June 2020. The Company believes that Mr. Sasaki can be expected to continue to play the same role.

Director  
Member of the Audit Committee

Shigeo Sasaki



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)

Appointment reason

Ms. Atsuko Kaga has experience working at private companies and now serves as a professor at a Graduate School of Osaka University. As such, Ms. Kaga has provided opinions and advice on the management of the Company from a broad perspective as a person of extensive learning and experience and as Outside Audit & Supervisory Board Member since June 2019, and as Outside Director, a member of the Compensation Committee and a member of the Audit Committee since June 2020. The Company believes that Ms. Kaga can be expected to continue to play the same role.

Director  
Member of the Compensation Committee  
Member of the Audit Committee

Atsuko Kaga



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)

Appointment reason

Mr. Hiroshi Tomono has held important positions of Sumitomo Metal Industries, Ltd. and Nippon Steel & Sumitomo Metal Corporation (currently Nippon Steel Corporation), which globally operate businesses, and has assumed office as outside officer of other companies. As such, Mr. Tomono has a wealth of experience as a corporate manager and has provided opinions and advice on the management of the Company from a broad managerial perspective as Outside Director and Chairman of the Audit Committee since June 2020. The Company believes that Mr. Tomono can be expected to continue to play the same role.

Director  
Chairman of the Audit Committee

Hiroshi Tomono



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 (to present)

Appointment reason

Ms. Kazuko Takamatsu has ample experience as an expert in diversity, serving as Executive Director and Secretariat of Japan Institute for Women's Empowerment & Diversity Management. Ms. Takamatsu has also held important positions of Sony Corporation (currently Sony Group Corporation), which operates global business, and served in the past as Representative Director of a subsidiary of Sony Corporation. As such, Ms. Takamatsu has experiences as a corporate manager and has provided opinions and advice on the management of the Company from a broad perspective including diversity management as Outside Director and a member of the Nominating Committee since June 2020. The Company believes that Ms. Takamatsu can be expected to continue to play the same role.

Director  
Member of the Nominating Committee

Kazuko Takamatsu



Apr. 1990: Assistant Professor, School of Business Administration, Kobe University  
Apr. 1997: Professor, School of Business Administration, Kobe University  
Apr. 1999: 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)

Appointment reason

Mr. Fumio Naito has a wealth of experience serving as a person of extensive learning and experience in fields such as financial accounting, auditing, and corporate governance. As such, Mr. Naito has provided opinions and advice on the management of the Company from a broad perspective including financial accounting as Outside Director and a member of the Audit Committee since June 2020. The Company believes that Mr. Naito can be expected to continue to play the same role.

Director  
Member of the Audit Committee

Fumio Naito

Directors



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)

Director  
Representative Executive Officer, President

Takashi Morimoto

Appointment reason

Mr. Takashi Morimoto has been in charge of the Office of Corporate Planning, the Office of Energy and Environmental Planning, and Interim Storage Promotion, the Office of Human Resources and Safety Management, and the Office of Plant Siting since being appointed as a Director in June 2016. He has broad insight in these fields, and has demonstrated leadership as the President & Representative Director since March 2020, as well as the Director, Representative Executive Officer, President since June 2020, contributing to the increase in value of our Group. Based on his experience and insight, the Company believes that Mr. Morimoto is well qualified to be responsible for the Company's management.



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)

Director  
Representative Executive Officer, Vice President

Toyokazu Misono

Appointment reason

Mr. Toyokazu Misono has extensive operational experience, primarily in the planning and sales divisions. Since being appointed as a Director in June 2018, he has served as General Manager of the Sales and Marketing Division, and has been in charge of Office of Human Resources and Safety Management, Office of Plant Siting, Office of Compliance Promotion, etc., and has broad insight in these fields in addition to being responsible for the management of our Group as a Director, Representative Executive Officer, Vice President since June 2020. Based on his experience and insight, the Company believes that Mr. Misono is well qualified to be responsible for the Company's management.



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)

Director  
Representative Executive Officer, Vice President

Koji Inada

Appointment reason

Mr. Koji Inada has extensive operational experience, primarily in the IT and planning divisions, and since being appointed as a Director in June 2018, he has been in charge of Office of Asset Optimization and Trading, Office of IT Strategy, Office of Corporate Planning, Office of Energy and Environmental Planning, Interim Storage Promotion, and Compliance on Wheeling Service Guidelines under the Electricity Business Act, etc., and has broad insight in these fields in addition to being responsible for the management of our Group as a Director, Representative Executive Officer, Vice President since June 2020. Based on his experience and insight, the Company believes that Mr. Inada is well qualified to be responsible for the Company's management.



Apr. 1988: Entered The Kansai Electric Power Co., Inc.  
June 2018: Executive Officer, General Manager of Office of Asset Optimization and Trading  
July 2019: Executive Officer, Vice General Manager of Operation and Trading Division, General Manager of Operation Planning Section and Trading Section  
Oct. 2019: Managing Executive Officer, General Manager of Renewable Energy Division, General Manager of Community Energy Division  
June 2020: Executive Vice President of the Company  
June 2021: Director, Representative Executive Officer and Vice President of the Company (to present)

Director  
Representative Executive Officer, Vice President

Nozomu Mori

Appointment reason

Mr. Nozomu Mori has extensive operational experience, primarily in the transmission and distribution sector. Since being appointed as a Managing Executive Officer in October 2019, he has served as General Manager of the Renewable Energy Division, General Manager of the Community Energy Division, etc., and has broad insight in these fields. Mr. Mori has been Executive Vice President since June 2020. Based on his experience and insight, the Company believes that Mr. Mori is well qualified to be responsible for the Company's management.



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)

Director  
Member of the Audit Committee

Yasushi Sugimoto

Appointment reason

Mr. Yasushi Sugimoto has extensive operational experience, primarily in the financing and accounting division. Since being appointed as a Director in June 2014, he has been in charge of the Office of Nuclear Fuel Cycle (Nuclear Fuel Cycle Business) & Office of Accounting and Finance, and has served in positions such as General Manager of the Sourcing and Procurement Division. In addition to his broad insight in these fields, he has served as an Audit & Supervisory Board Member of the Company and has been in charge of auditing since June 2019. Also, he has been responsible for the management as a Director and the audit as a member of the Audit Committee since June 2020. Based on his experience and insight, the Company believes that Mr. Sugimoto is well qualified to be responsible for the Company's management.



Apr. 1983: Entered The Kansai Electric Power Co., Inc.  
June 2014: Executive Officer, Deputy Division Manager of Thermal Power Division, General Manager of Thermal Power Operation Department, Deputy Division Manager of Nuclear Power Division  
June 2016: Managing Executive Officer, Division Manager of Thermal Power Division  
June 2017: Director, Managing Executive Officer of the Company  
June 2020: Executive Vice President of the Company  
June 2021: Director of the Company (to present)

Director  
Member of the Audit Committee

Yasuji Shimamoto

Appointment reason

Mr. Yasuji Shimamoto has extensive operational experience, primarily in the Thermal Power Division. Since being appointed as a Managing Executive Officer in June 2016, he has served as Division Manager of Thermal Power Division and has been in charge of the Office of Research and Development, and has broad insight in these fields. Mr. Shimamoto has been Executive Vice President since June 2020. Based on his experience and insight, the Company believes that Mr. Shimamoto is well qualified to be responsible for the Company's management.



Executive Officers

Representative Executive Officer, President



Director,  
Representative Executive Officer,  
President  
**Takashi Morimoto**

Representative Executive Officers, Vice Presidents



Director  
Representative Executive Officer,  
Vice President  
**Toyokazu Misono**  
Corporate Operations in general  
In charge of Compliance on Wheeling  
Service Guidelines under the  
Electricity Business Act, Office of  
Corporate Communications, Office of  
Board Directors, and Office of Internal  
Auditing



Representative Executive Officer,  
Vice President  
**Takao Matsumura**  
General Manager of Nuclear Power  
Division



Director  
Representative Executive Officer,  
Vice President  
**Koji Inada**  
Energy Business in general  
In charge of Interim Storage  
Promotion and Trading, and  
Office of Plant Siting



Director  
Representative Executive Officer,  
Vice President  
**Nozomu Mori**  
In charge of Customer Solution  
Division, Gas Business Division,  
Renewable Energy Division, and  
Hydrogen Business Strategy Division

Executive Vice Presidents



Executive Vice President  
**Mikio Matsumura**  
General Manager of Operation and  
Trading Division  
General Manager of International  
and Cooperation Division



Executive Vice President  
**Hitoshi Mizuta**  
Acting General Manager of Nuclear  
Power Division (Nuclear Safety &  
Technology, Nuclear Power  
Generation, Nuclear Fuel)  
In charge of Office of Nuclear Fuel  
Cycle (Nuclear Fuel Contracts)



Executive Vice President  
**Yasushi Ando**  
Acting General Manager of Nuclear  
Power Division  
(Energy Planning)



Executive Vice President  
**Nobuhiro Nishizawa**  
General Manager of Sourcing and  
Procurement Division  
In charge of Office of Accounting  
and Finance



Executive Vice President  
**Takashi Tada**  
General Manager of Renewable  
Energy Division  
In charge of Office of Civil  
Engineering and Architecture



Executive Vice President  
**Makoto Araki**  
In charge of Office of Compliance  
Promotion, Office of Corporate  
Planning, and Office of IT Strategy



Executive Vice President  
**Naoki Naito**  
In charge of Office of Energy and  
Environmental Planning, and  
Office of Nuclear Fuel Cycle (Nuclear  
Fuel Cycle Business)



Executive Vice President  
**Kazumitsu Takanishi**  
General Manager of Thermal Power  
Division  
In charge of Office of Research and  
Development



Executive Vice President  
**Hiromi Ohkawa**  
General Manager of Customer  
Solution Division  
General Manager of Gas Business  
Division



Executive Vice President  
**Nobuyuki Miyamoto**  
In charge of Office of Human  
Resources and Safety Management  
and Office of General Administration

Corporate Governance Systems

Basic concept on corporate governance

Based on the Kansai Electric Power Group Purpose & Values, 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.

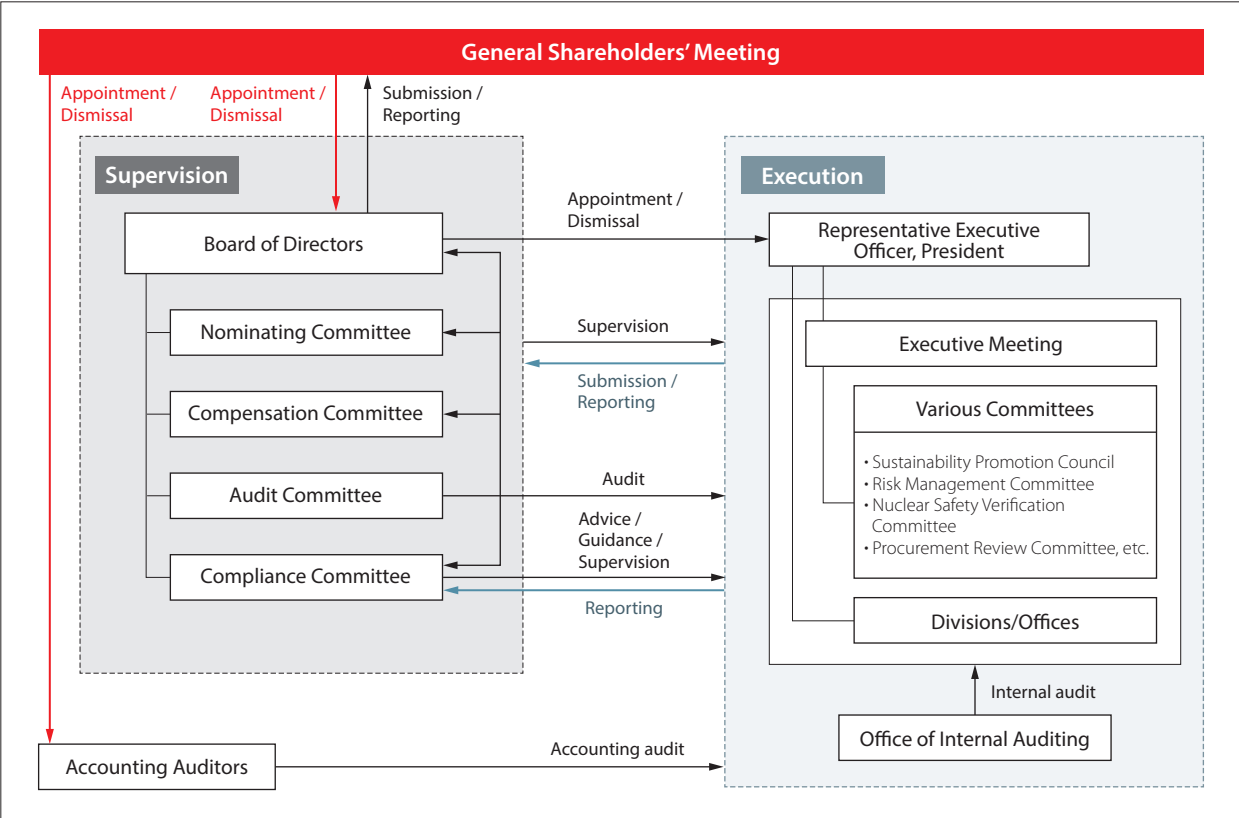
Recognizing that the most important management issue for achieving this goal is strengthening corporate governance, we have adopted the institutional design of a company with a nominating committee, etc., which clearly separates execution and supervision for our corporate governance, with the aim of 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.

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>

In light of our business scale, business description, approach to managerial issues, and supervisory function, as well as diversity, including gender and internationality, the Board of Directors is a necessary and appropriate structure comprised of independent outside directors (eight persons) with ample experience and

knowledge cultivated as executives or professionals in a wide range of fields and inside directors (six persons) who have abundant expertise and abilities in our business.

In addition, from the perspective of appropriate decision-making and effective supervision, the number of the Board members shall be 20 or less, a majority of which shall be independent outside directors.

The Chairperson of the Board of Directors shall be an independent outside director.

Corporate Governance Systems

<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 is chaired by an independent outside director and all of its four members are independent outside directors.

The Nominating Committee 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 a successor plan for the Executive Officer and President, as well as developing candidates in a planned manner, with sufficient time and resources. In the course of this process, it is important for the Committee to recognize the appointment of the Executive Officer and President as the most important strategic decision-making for sustainable growth of the entire Group and improvement of corporate value over the medium to long term. In formulating the successor plan, the Committee deliberates the outcome, required experience and skills, competency (ability), potential (quality), sense of value, and personality expected from the next Executive Officer and President, and reviews “what the President is supposed to be.”

Moreover, utilizing internal assessment and external assessment by third-party organizations, the Committee collects information on candidates in a multifaceted way. Members also directly interview candidates to clarify the appointment process, with high transparency and objectiveness ensured.

Chairperson: Sadayuki Sakakibara  
Committee members: Takamune Okihara, Tetsuya Kobayashi and Kazuko Takamatsu

Compensation Committee

The Compensation Committee is chaired by an independent outside director and all of its four members are independent outside directors.

The Compensation Committee 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, the Committee uses 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 an independent outside director and consists of four outside and two inside directors not concurrently serving as executive officers. To serve as an Audit Committee member, each director is required to have appropriate experience and abilities as well as necessary knowledge of finance, accounting, and legal affairs.

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. When necessary, the Committee provides advice and recommendations to executive officers, etc.

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 Yasuji Shimamoto

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>

In performing their duties, our directors must be willing to conduct themselves with emphasis on compliance, in accordance with the basic orientation of business management and guiding principles specified in the Kansai Electric Power Group Purpose & Values, the Kansai Electric Power Group Code of Conduct, 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

<Judgment criteria for independency established by the Company>

The Company considers an outside director to be independent when the outside director does not fall under any of the categories of 1 to 9 below.

1	A person to whom the Company is a major business partner, or a business executive for that person	6	A person who is a major shareholder of the Company, or a business executive for that person and a business executive of a company for which the Company is a major shareholder
2	A major business partner of the Company, or its business executive	7	A business executive of a company which has accepted an executive from the Company or a subsidiary of the Company
3	A consultant, accounting professional or legal professional who receives a large amount of money or any other assets, other than executive compensation, from the Company (if the consultant, etc. who receives such assets is an organization such as a corporation, a person who belongs to that organization)	8	A person who has fallen under any of the categories of 1 to 7 above recently
4	A person who receives a large amount of donations or membership fees from the Company, or a business executive for that person	9	A spouse or relative within the second degree of kinship to a person described in either of the following items (excluding those who are not in applicable positions) (1) A person listed in 1 to 3 above (2) A person who is currently or has recently been a business executive of the Company or a subsidiary of the Company
5	A business executive of the auditing firm of the Company		

<Directors’ skill matrix>

In order to ensure diversity in knowledge, experience, abilities, etc. across the Board of Directors, skills required for directors to manage important issues were selected by the Company and decided by the Nominating Committee, in addition to basic skills in line with the Corporate Governance Code.

Directors	Management experience	Governance/ Risk management	Finance/ Accounting	Legal affairs/ Compliance	Technologies	Industrial policies	Public relations strategies	Global experience	Sales/Marketing
Sadayuki Sakakibara	●	●			●	●		●	
Takamune Okihara	●	●	●					●	●
Tetsuya Kobayashi	●	●					●		●
Shigeo Sasaki		●		●					
Atsuko Kaga					●	●			●
Hiroshi Tomono	●	●			●			●	
Kazuko Takamatsu	●						●	●	
Fumio Naito		●	●						
Takashi Morimoto	●					●			●
Toyokazu Misono	●							●	●
Koji Inada	●				●	●			
Nozomu Mori					●	●			
Yasushi Sugimoto		●	●						
Yasuji Shimamoto	●				●				

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 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.

The Company has established its own judgment criteria for independency, as described below, in light of the requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc. We assess the independency of outside directors by these criteria.

If an outside director concurrently serves as an officer at another listed company, the number of concurrent positions is 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.



Corporate Governance Systems

<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>

In performing their duties, our executive officers must be willing to conduct themselves in accordance with the basic orientation of business management and guiding principles specified in the Kansai Electric Power Group Purpose & Values, the Kansai Electric Power Group Code of Conduct, etc., and in adherence to the spirit of the President’s Oath to Stakeholders. 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 his/her 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 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 Code of Conduct. We also set up a Sustainability Promotion Council to draw up comprehensive sustainability measures for the entire Group and check implementation status. At the same time, we perform concrete activities for the Group to contribute to the sustainable growth of society.

<Risk Management Committee>

Risks associated with the Group’s business activities are 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 (information security, business management of subsidiaries, safety and health, market, credibility of financial reporting, environment, disasters, and compliance) are enhanced by the supervision of departments with specialized expertise on each risk category that provide advice and guidance to the various operating divisions on an as-needed basis. Furthermore, a Risk Management Committee is 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 the 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 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, the majority of which are outside experts, with an examination mechanism from the perspective of such experts put in place.

<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, this ensuring the adequacy of operations.

3. Advisors

After deliberation by the Nominating Committee, the Company has abolished the conventional senior advisor and advisor system and put a new advisor system in place. Under the new advisor system, the post of senior advisor has been abolished and excluded from eligibility for part-time engagements of retired officers.

<System>

Advisors may be appointed on an as-needed basis, if doing so contributes to the sustainable development of the Group.

<Appointment/remuneration determination process>

From the perspective of ensuring objectivity, when appointing an advisor 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 decide the necessity of such appointment, job description, and remuneration after rigorous deliberation, and disclose the commissioned duties and the individual amount of remuneration of the advisor.

<Roles>

Advisors contribute to society through activities in business and industrial communities and respond to requests from regional economic communities by making full use of their own experience and human networks, toward the growth of the economy in the Kansai region as well as the business of the Group. Advisors do not provide guidance or advice on business management.

4. 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.

5. Management of subsidiaries

We try to instill in our subsidiaries the basic approaches to management and action standards that are embodied in, for example, the Kansai Electric Power Group Purpose & Values and the Kansai Electric Power Group Code of Conduct. 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. Moreover, 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.

6. Effectiveness evaluation and response policies for the Board of Directors

Method of effectiveness evaluation

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, etc. 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, etc.

In 2020, we conducted a questionnaire survey on the effectiveness of the Board of Directors, etc. with a question added to confirm the status of efforts in implementation of our business improvement plan formulated to prevent problem recurrence (including the transformation to a company with a nominating committee, etc. as of June 25, 2020 aimed at further strengthening of the supervisory function by clearly separating execution and supervision), based on reflection regarding issues such as receiving money and gifts and compensation paid to officers for their part-time engagements after retirement.



Corporate Governance Systems

Results of effectiveness evaluation

Fiscal 2020 overall evaluation

Survey results indicate that many respondents consider appropriate or generally appropriate the "Construction of a meeting management system due to the change in the organizational design associated with the transformation to a company with a nominating committee, etc. (ensuring of appropriate agenda items for the Board of Directors, basic operation of each committee, etc.)," "Composition of the Board of Directors," and "Implementation of efforts toward fulfilling discussions at the Board of Directors (such as providing information to outside directors beforehand) and resultant active discussions by the Board of Directors." In consideration of the above, the Board of Directors determined that the effectiveness of the Board of Directors, etc. for fiscal 2020 has been ensured.

Issues in the future

- Enhancing opportunities for communication between outside directors and the management
- Further strengthening of reporting on the operational status of internal control system, etc.

Response policy

Taking into account the above issues, the Board of Directors will formulate an improvement plan, and outside directors and executive officers will thoroughly discuss our medium- to long-term management policies, the direction of growth strategies, and other matters to enhance opportunities to develop clear understanding of the Company and its operations.

In addition, through further enhancement of reporting details, including the business management status and risk management status of affiliated companies as well as the operational status of the whistleblowing system, we will implement and strengthen our group governance. The Board of Directors will continue to share issues based on the evaluation of effectiveness and make continuous efforts to further improve our effectiveness.

Operating status of fiscal 2020

Board of Directors

Based on laws and regulations and the rules of the Board of Directors, the Board of Directors resolves proposals submitted to the General Shareholders' Meeting, members comprising each committee, and other important matters related to the management of the Group, such as Kansai Electric Power Group Purpose & Values, Kansai Electric Power Group Medium-term Management Plan (2021-2025) and Zero Carbon Vision 2050. Moreover, the status of efforts in implementation of our business improvement plan in line with the Electricity Business Act, quarterly financial results, operational status of the internal control, and other matters are reported and deliberated on a regular basis. For the resolutions and deliberation stated above, with the aim of ensuring fulfilling discussions at the Board of Directors and strengthening corporate governance, in fiscal 2020, six opinion exchange meetings were held by directors, and one meeting was held only attended by independent outside directors to discuss a wide range of themes such as management issues and the direction of future growth strategies of the Company. Views obtained through these meetings are reflected in our business management and subsequent discussions at the Board of Directors. Furthermore, various measures are implemented for outside directors

throughout the year, such as prior briefing on board meeting agendas from the executive side; visiting front-line workplaces including nuclear power plants; and dialogue with employees.

Nominating Committee

The Committee decides the content of proposals for appointment and dismissal of directors, submitted to the General Shareholders' Meeting, as well as the policy for selecting directors, and deliberates the details of a successor plan for the Executive Officer and President, successor development process, commissioning of advisors, and other matters. Priority items discussed in fiscal 2020 include the following:

- Successor plan for Executive Officer and President
- Skills directors should have (skill matrix)
- Independence criteria for outside directors

Compensation Committee

The Committee decides on the policy and details of compensation of respective directors and executive officers, and deliberates on compensation for advisors. Priority items discussed in fiscal 2020 include the following:

- Compensation standards for officers in the Company based on the results of surveys related to compensation standards of other companies, trends in compensation policies, etc.
- Performance-based compensation system and goal setting

Audit Committee

The Committee formulates audit plans encompassing important matters related to the Group's management decided by the Board of Directors, and performs audits from the perspective of whether or not the Group is conducting business activities legally and appropriately, and making decisions and executing business properly and reasonably to prevent risks and improve corporate value. Deliberation is made among the Committee members, and their opinions and recommendations are provided to the Board of Directors and the executive side. Priority audits and other items conducted in fiscal 2020 include the following:

- Confirmation of the status of efforts to strengthen compliance and governance in line with our business improvement plan
- Confirmation of the status of efforts such as improving profitability of the comprehensive energy business
- Dialogue with front-line workers
- Response to proceedings for damages against our former officers filed by the Company concerning problems such as receiving money and gifts and compensation paid for their part-time engagements after retirement.

Board of Directors, Nominating Committee, Compensation Committee, and Audit Committee meetings held in fiscal 2020 and the attendance status of respective directors are as follows.

Name	Meetings held and attendance status			
	Board of Directors	Nominating Committee	Compensation Committee	Audit Committee
Sadayuki Sakakibara*	◎100% (13/13 attendances)	◎100% (8/8 attendances)	100% (3/3 attendances)	—
Takamune Okihara*	100% (18/18 attendances)	100% (8/8 attendances)	100% (3/3 attendances)	—
Tetsuya Kobayashi*	100% (18/18 attendances)	100% (8/8 attendances)	◎100% (3/3 attendances)	—
Shigeo Sasaki*	94% (17/18 attendances)	—	—	95% (18/19 attendances)
Atsuko Kaga*	89% (16/18 attendances)	—	100% (3/3 attendances)	84% (16/19 attendances)
Hiroshi Tomono*	100% (13/13 attendances)	—	—	◎100% (13/13 attendances)
Kazuko Takamatsu*	100% (13/13 attendances)	100% (8/8 attendances)	—	—
Fumio Naito*	100% (13/13 attendances)	—	—	100% (13/13 attendances)
Takashi Morimoto	100% (18/18 attendances)	—	—	—
Toyokazu Misono	100% (18/18 attendances)	—	—	—
Koji Inada	100% (18/18 attendances)	—	—	—
Yasushi Sugimoto	100% (18/18 attendances)	—	—	100% (19/19 attendances)
Susumu Yamaji	100% (13/13 attendances)	—	—	100% (13/13 attendances)

Notes: 1 The numbers in parentheses indicate the number of attendances/the number of meetings held during the term of office.

2 ◎ represents the chairperson of the board/committee.

3 \* represents an independent outside director.

4 The attendance status of the Audit Committee includes the Audit & Supervisory Board meetings held before the 96th Ordinary General Shareholders' Meeting held on June 25, 2020, when the Company transitioned to a company with a nominating committee, etc.

Main activities of outside directors

Sadayuki Sakakibara	With his abundant experience in business management and deep insight into governance and energy policy, as Chairman of the Board of Directors, Mr. Sakakibara leads the meeting proceedings, securing sufficient time for selecting and discussing agenda items. Additionally, he provides appropriate supervision and useful advice on general management by proactively making instructive comments himself when formulating our management philosophy and medium-term management plan, contributing to the improvement of the effectiveness of the Board. He also holds the concurrent post of Chairman of the Nominating Committee and serves as a member of the Compensation Committee. As Chairman of the Nominating Committee, he is dedicated to building a more sustainable management structure by conducting meetings to ensure lively discussions about the formulation of the "Successor plan for Executive Officer and President," "Skills directors should have (skill matrix)," "Independence criteria for outside directors," and similar issues as well as expressing creative and informative opinions, reporting the status of his duty execution to the Board of Directors as appropriate. Moreover, he is committed to vigorous exchange of opinions and information sharing among directors by playing a leading role in meetings to exchange views with directors and meetings consisting only of independent outside directors. As Chairman of the Company, he contributes to ensuring soundness of management through engagement in dialogue and constructive exchanges of opinion with institutional investors and other stakeholders.
Takamune Okihara	Based on his wealth of experience as a manager, Mr. Okihara actively raises opinions on portfolio risk management with respect to investment and financing, and provides appropriate supervision and useful advice on overall management from his broad management perspective, helping to improve the effectiveness of the Board of Directors. He also contributes to enhancing sustainability of our management structure by expressing helpful insights through his concurrent posts in the formulation of: "Successor plan for Executive Officer and President," "Skills directors should have (skill matrix)" and "Independence criteria for outside directors" as a member of the Nominating Committee; and "Compensation standards for the Company's officers in light of the survey results on those of other companies and trends in compensation policies" and "Mechanism of performance-linked compensation and target setting" as a member of the Compensation Committee. Furthermore, he is dedicated to ensuring soundness of management by actively engaging in dialogue to exchange constructive opinions with institutional investors and other stakeholders, and delivering messages to employees through our company newsletter.
Tetsuya Kobayashi	Mr. Kobayashi has been appropriately supervising and providing useful advice on general management, such as calling for suggestions on the dissemination of new lifestyles to customers and society, as a representative of an energy company that has a strong commitment to public service, from his broad managerial viewpoint gained through his rich experience as a manager of a social infrastructure company. In this way, he contributes to improving the effectiveness of the Board of Directors. As Chairman of the Compensation Committee (concurrently serving as a member of the Nominating Committee), he leads the meeting proceedings and promotes lively discussions about "Compensation standards for the Company's officers in light of the survey results on those of other companies and trends in compensation policies" and "Mechanism of performance-linked compensation and target setting." He also makes useful suggestions himself, and reports the status of his duty execution to the Board of Directors as appropriate, which helps enhance sustainability of our management structure. Moreover, he helps ensure soundness of management by actively holding dialogue and exchanging constructive opinions with institutional and other stakeholders, and by sending messages to employees as Chairman of the Compensation Committee.

Corporate Governance Systems

Shigeo Sasaki	Mr. Sasaki uses his plentiful experience as a legal professional to provide appropriate supervision and valuable advice on overall management by making suggestions on points requiring caution when promoting our business, such as various legal systems and contract details, from a wide range of perspectives including compliance, thereby contributing to the improvement of the effectiveness of the Board of Directors. As a member of the Audit Committee, regarding the status of duty execution by directors and executive officers as well as the legality and appropriateness of proposals to the Board of Directors, he draws on his expertise to ask questions and make comments as appropriate; this helps strengthen auditing and supervision functions. Not only at the Board of Directors meetings but also through dialogue with front-line employees, etc., he makes instructive suggestions and contributes opinions to executive officers and others, as necessary. He also exchanges views with other directors, executive officers and others, thereby helping ensure soundness of management.
Atsuko Kaga	Ms. Kaga actively makes suggestions on electricity and gas marketing strategies and training of sales representatives by utilizing her expertise on town planning and urban development. By providing appropriate supervision and helpful advice on general management from a wide range of perspectives as an academic expert, she contributes to improving the effectiveness of the Board of Directors. Serving concurrently as a member of the Compensation Committee, she presents instructive comments on the "Compensation standards for the Company's officers in light of the survey results on those of other companies and trends in compensation policies" and "Mechanism of performance-linked compensation and target setting," contributing to ensuring sustainability of our management structure. Also, as a member of the Audit Committee, she draws on her expertise to ask questions and make comments, as appropriate, regarding the status of duty execution by directors and executive officers as well as the legality and appropriateness of proposals to the Board of Directors. This helps strengthen auditing and supervision functions. Furthermore, through dialogue with front-line employees, female employees and others, she makes informative recommendations and gives opinions to executive officers and others as necessary, thereby contributing to ensuring soundness of management.
Hiroshi Tomono	Leveraging his considerable experience as a manager, Mr. Tomono calls for stepped-up efforts in strengthening technological capabilities and technological development toward the achievement of our Medium-term Management Plan and Zero Carbon Vision. His appropriate supervision and useful advice on overall management given from his broad managerial viewpoint help improve the effectiveness of the Board of Directors. As Chairman of the Audit Committee, he strives for effective operation of the Committee, by expressing opinions on internal control systems, including risk management. Additionally, regarding the status of duty execution by directors and executive officers as well as the legality and appropriateness of proposals to the Board of Directors, utilizing his expertise, he asks questions and makes comments as necessary to help strengthen auditing and supervision functions. Furthermore, he contributes to ensuring soundness of management by providing useful recommendations and opinions to executive officers and others through dialogue with front-line employees, etc., and sending messages to employees as Chairman of the Audit Committee.
Kazuko Takamatsu	With her deep insight into diversity along with rich experience as a manager, Ms. Takamatsu actively provides appropriate supervision and helpful advice on overall management, such as country risks in international business, from her broad perspectives, including diversity management, thereby contributing to improving the effectiveness of the Board of Directors. As a member of the Nominating Committee, she helps enhance the sustainability of our management structure by making instructive comments on the formulation of the "Successor plan for Executive Officer and President," "Skills directors should have (skill matrix)" and "Independence criteria for outside directors." She also contributes to ensuring soundness of management by providing useful recommendations and opinions to executive officers and others as appropriate through dialogue with female employees, etc., and by sending messages to employees through our company newsletter.
Fumio Naito	Leveraging his expertise as an academic expert in such fields as finance and accounting, auditing, and corporate governance, Mr. Naito actively provides comments on information disclosure from the standpoint of outsiders, such as investors. His appropriate supervision and informative advice on overall management given from his broad perspectives encompassing finance and accounting help improve the effectiveness of the Board of Directors. As a member of the Audit Committee, he helps strengthen auditing and supervision functions by utilizing his expertise in asking questions and expressing opinions on the status of duty execution by directors and executive officers as well as the legality and appropriateness of proposals to the Board of Directors. He also contributes to ensuring soundness of management through dialogue with front-line employees, etc.; by providing useful recommendations and opinions, as appropriate, to executive officers and others; and by actively exchanging opinions with relevant departments with regard to management accounting, risk management, and other matters.

Compliance

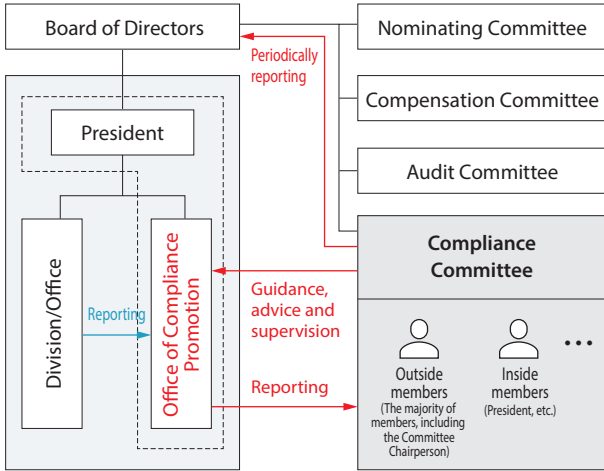
Compliance system

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 April 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 the committee members, including the chairperson, are from outside the Company. (See page 69.)

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 periodically reports on the status of compliance promotion to the Compliance Committee Chairperson, and in return he/she receives guidance, advice and supervision.



<Reference> Compliance Committee meetings held in fiscal 2020

Meetings of the Compliance Committee are held regularly on a quarterly basis, and will also be held swiftly and flexibly when a particularly problematic event arises.

In fiscal 2020, a total of nine meetings were held, focusing on the deliberation of compliance promotion plan, compliance-related training, and investigation reports on compliance problematic events.

Efforts to promote compliance

For fiscal 2021, we selected "Raising awareness through basic policy penetration for compliance promotion," "Promoting utilization of the Compliance Hotline," and "Group-wide application of the said two points" as priority compliance promotion themes that the entire Group should recognize and work on. With these priority themes at the core, we are striving to cultivate awareness of compliance for all Group employees.

Compliance Promotion Plan for fiscal 2021

1. Actively raising awareness of compliance

In addition to continuing integrity approach training\* to "think about the strong points of the Kansai Electric Power Group," which has been held since last year at each workplace, we will provide integrity approach-based training to all employees including to our group companies to promote penetration of the purpose of our basic compliance promotion policy. We will also develop and utilize educational tools, and further enrich and improve the content of e-mail newsletters, promotion websites, etc. to help compliance become more familiar to employees.

Additionally, in the wake of the issue of receiving cash and gifts, in December 2019, we established and brought into operation "Rules on Gifts, Reception and Entertainment" based on the idea that we must not receive gifts or entertainment. In April 2021, the Rules were revised to add new provisions for offering gifts and entertainment. We will make continuous efforts to thoroughly communicate the purpose of these rules.

\* Integrity approach training: Training to raise awareness toward better behavior.

2. Promoting utilization of the Compliance Hotline

<Creating an environment for using the Compliance Hotline>  
We will continue to inform employees that confidentiality is securely protected and that any detrimental treatment is strictly prohibited, and will consider and implement measures to develop an environment that facilitates the use of our whistleblowing system by sending messages and creating tools.

<Compliance Hotline staff training>  
We will provide training on compliance consultation for the Compliance Hotline staff at our group companies.

3. Communication inside and outside the Company

<Communication between outside members of the Compliance Committee and employees>  
Last year, the Nuclear Power Division held dialogues between outside members of the Compliance Committee and employees.

This year as well, we will set up opportunities for direct dialogue with outside Committee members to raise employee awareness of compliance.



Compliance

<Communication between the Office of Compliance Promotion and each division/group company>  
In addition to holding information liaison meetings between the Office of Compliance Promotion and each division and group company, the Office of Compliance Promotion visits each division and group company to exchange opinions and support provision of training.

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 autonomously promoting compliance based on the characteristics and sizes of their businesses, as well as other real conditions.

Compliance awareness survey  
(Results of questionnaire given to all employees on CSR/executed November 2020)

Are you acting with awareness of compliance on a daily basis?	Yes 96.8%
---	-----------

Supporting the efforts of each division and group company

In addition to leading the promotion of efforts of the Group as a whole, our Office of Compliance Promotion is supporting the efforts of each division and group company. Last year, as support for compliance-related awareness-raising activities across our Group, we asked for submissions of catchphrases from all Group employees, received a large number of applications, and adopted many of them. Going forward, we will further enhance discussion materials and strengthen support through communication with each division and group company.

Efforts to prevent overseas bribery

The Group is globally operating business in Asia, North America, Europe, and many other regions, and we believe that complying with local legislation and rules is a major premise for global business expansion.

In particular, as tightening of bribery regulations has become a global trend, we have established internal rules to prevent bribery of foreign public officials, etc., and clarified prohibited items such as gift-giving and entertainment with wrongful intentions as well as items to be observed. At the same time, we are continuously informing divisions involved in international transactions, including the International Business and Cooperation Division, through training and other means.

We will continue to strive to prevent inappropriate bribery through these efforts.

Compliance Hotline

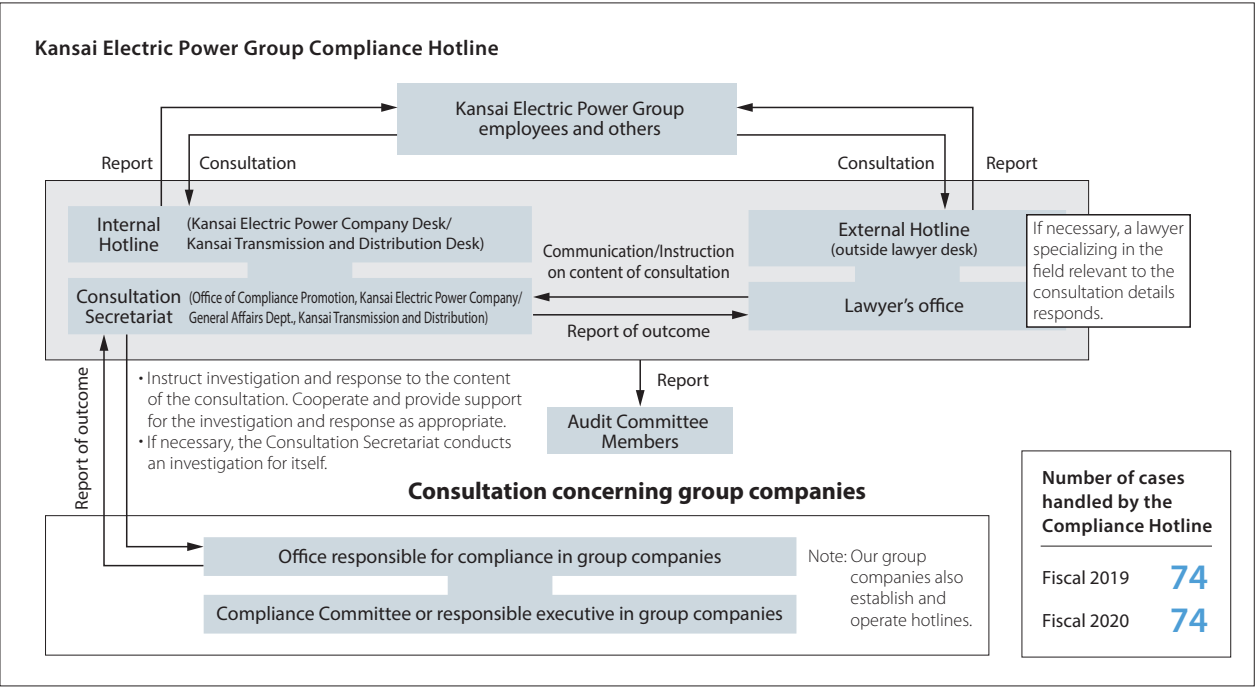
The Kansai Electric Power Group Code of Conduct stipulates how to report to and consult with the hotline when feeling doubt or discomfort related to compliance.

Our Compliance Hotline is for consultation when people have doubts related to compliance in their workplaces, 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, and is designed to prevent, detect early, and correct inappropriate behavior in terms of compliance. 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 environment offering a more approachable service that can accept anonymous consultations and that allocates female consultants, for example, and are strictly prohibiting detrimental treatment of consulters due to having received consultation. Paying close attention to protecting the confidentiality of consulters, we disclose consulters’ names only to the minimum parties required for fact-finding and taking action, and impose confidentiality obligations on them. In addition, we proceed with a fact-finding survey while confirming the intention of each consuler.

Considering the importance of using the hotline, with posters and various educational tools, we are continuously informing and encouraging each of our divisions and group companies to use the hotline.

Last year, a consultation with an outside organization (a lawyer’s office) revealed the fact the Company and its group companies had received cash and gifts. Based on the advice and guidance of the Compliance Committee, we conducted an objective and thorough investigation using an outside lawyer, and announced the investigation results.



Responding to compliance violations

Based on our business improvement plan formulated in fiscal 2019, the Company and Kansai Transmission and Distribution, Inc. have established a reporting system when a problematic event occurs, and 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 and the Kansai Transmission and Distribution’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.

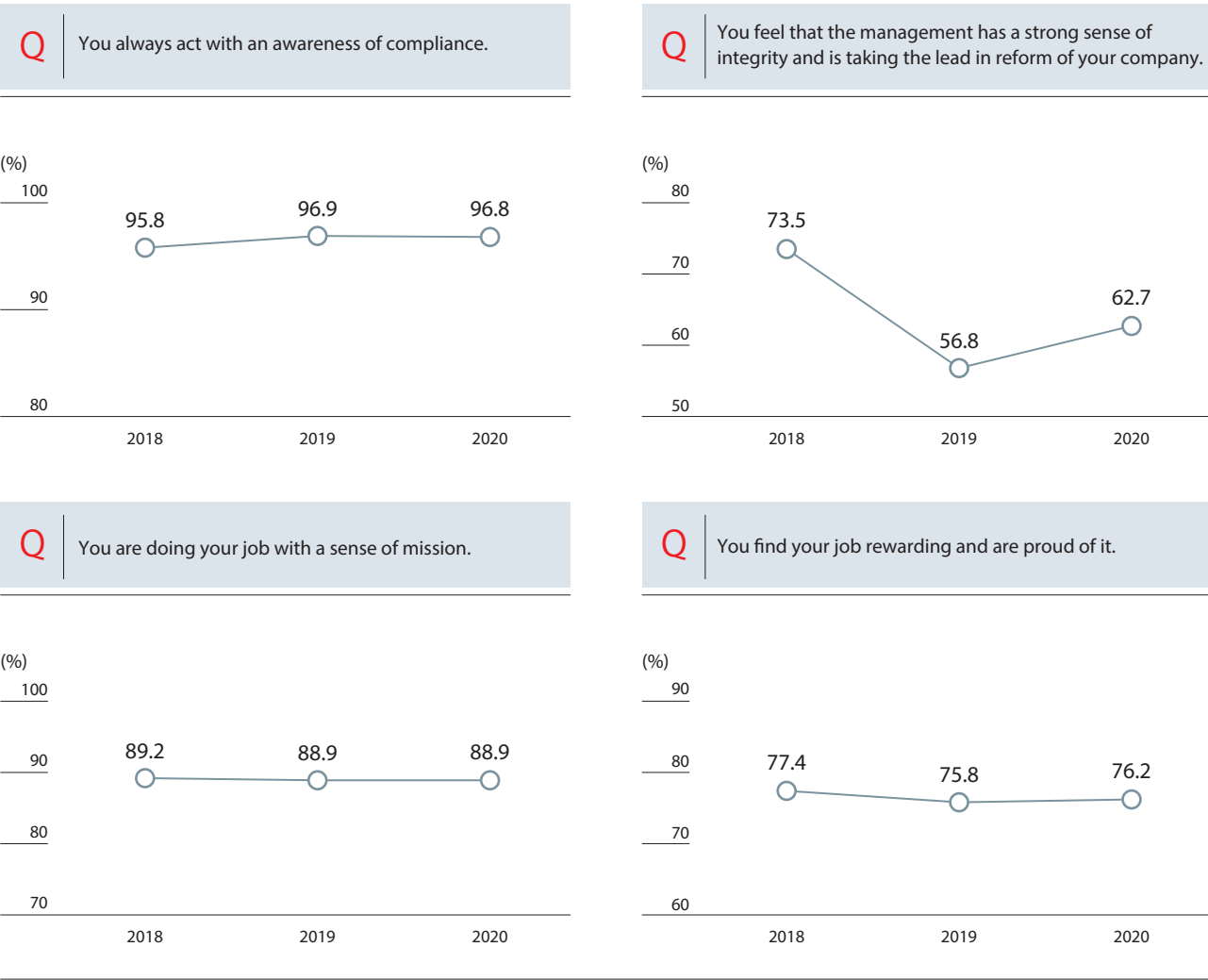
Regarding compliance-related risk assessment

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.

Compliance

Results of a questionnaire for all employees regarding compliance awareness, etc.

The Company and Kansai Transmission and Distribution, Inc. conduct a “CSR-related questionnaire for all employees (conducted every year since fiscal 2006)” which includes a survey on compliance awareness. Utilizing the results of the survey, we will continue to work on correcting our corporate structure and fostering a sound organizational culture that emphasizes compliance.



Survey period: November 4 to 25, 2020  
Respondents: All employees of the Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc.  
Number of respondents: 16,667 [Response rate: 87.4%]

[How to read charts]  
The graph of secular change shows the transition of the total value of the percentages of “Strongly agree” and “Moderately agree” in all responses.  
The survey was conducted in January for 2019, and in November for other years.

Risk Management

Our fundamental approach to risk management

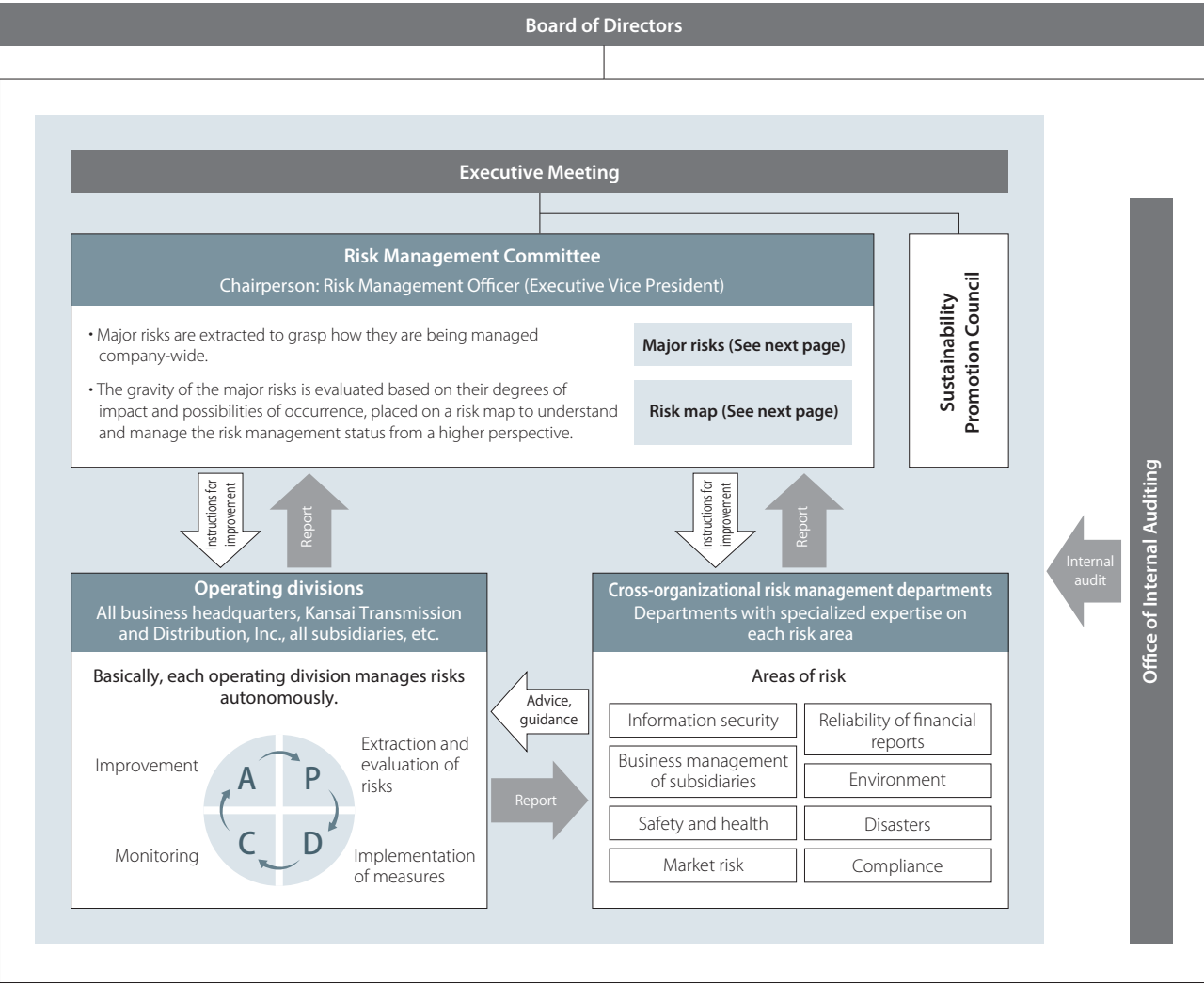
In accordance with the Kansai Electric Power Group Risk Management Rules established in April 2006, risks that have the potential to affect the achievement of organizational goals are to be recognized and identified. Then, an assessment is to be made, followed by implementing necessary measures to deal with the risks. The impact of risk on the Group is being 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. Risk management for risks considered to have cross-organizational importance, such as information security, business 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 operating divisions on an as-needed basis. Furthermore, a Risk Management Committee comprising 14 members headed by an Executive Vice President 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 an appropriate level through this system.

The Risk Management Committee presents the risk evaluation results to the Executive Meeting and the Sustainability Promotion Council so that necessary risk measures are reflected in plans and policies for the entire Group with the aim of realizing our sustainable growth into the future. The Committee also 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. Furthermore, the Office of Internal Auditing conducts internal auditing on the maintenance and operation of the risk management system, and we are working to make improvements based on the audit results.





Risk Management

Risk management status

The Risk Management Committee held meetings four times during fiscal 2020. Meetings ascertain and evaluate how major risks that could greatly affect our Group’s business activities are being managed company-wide. These major risks are systematically sorted out not only for our Group’s sustainable growth but also with the aim of achieving our financial targets and ESG goals, to contribute to the sustainable development of society by solving global social issues covered under SDGs. The gravity of the major risks is evaluated based on their

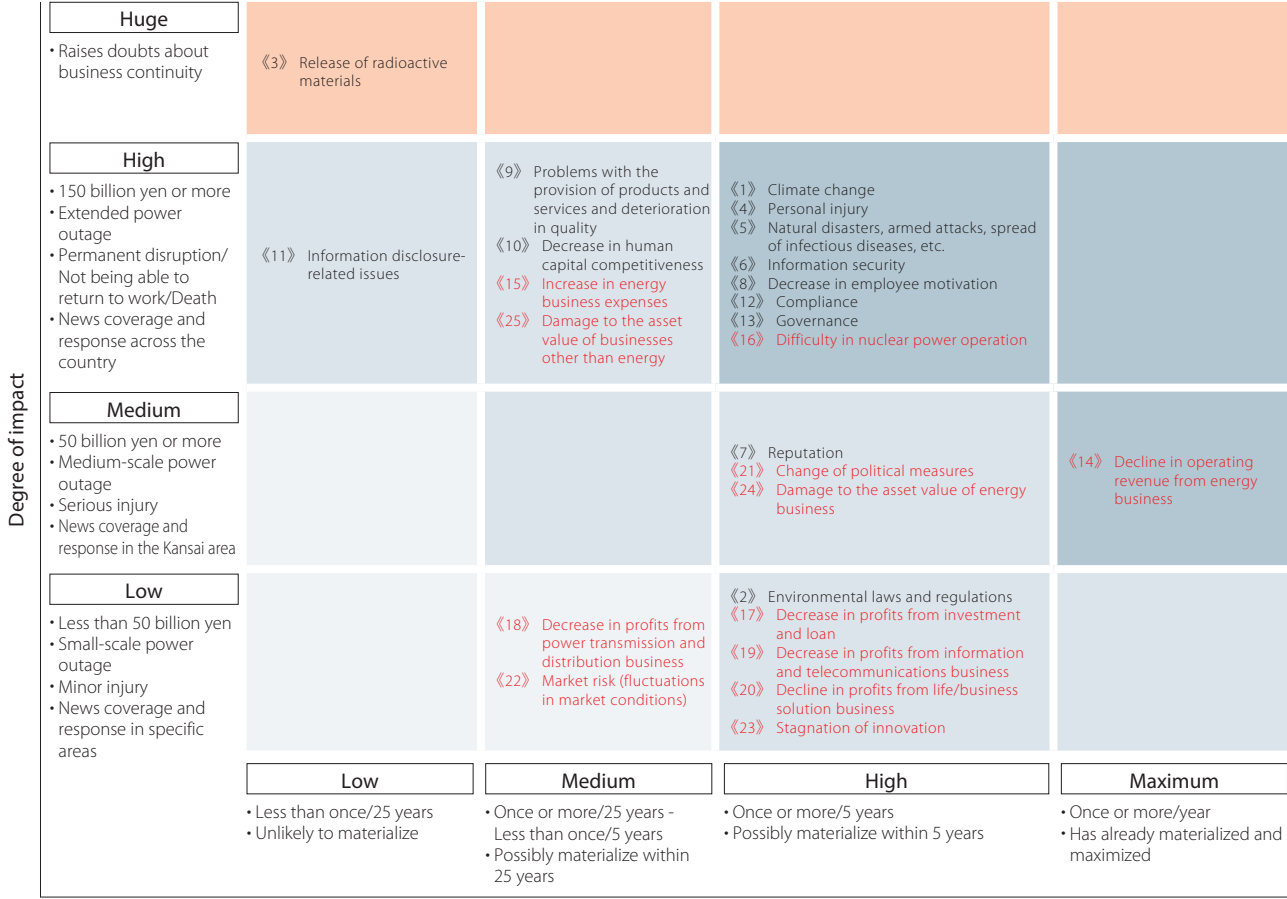
degrees of impact and possibilities of occurrence, classified and organized on a risk map to clarify, manage, and evaluate how the risks are being handled from a higher perspective, and instructions for improvement are given to operating divisions, as necessary, based on the evaluation results.

For details of and countermeasures for major risks that could affect the Group’s business results and financial position, please refer to the “Operational risks” section of our securities report for the fiscal year ended March 31, 2021 and financial results for the three months ended June 30, 2021 (only available in Japanese).

Major risks

Classification	Major risks	Organizational goals/Classification				Major risks
E	《1》 Climate change	Achievement of financial targets	Achievement of profit targets (P/L)	Energy	Operating revenue	《14》 Decline in operating revenue from energy business
	Expenses				《15》 Increase in energy business expenses	
					《16》 Difficulty in nuclear power operation	
《3》 Release of radioactive materials	Investments and loans			《17》 Decrease in profits from investment and loan		
《4》 Personal injury				Transmission & Distribution	《18》 Decrease in profits from power transmission and distribution business	
S	《5》 Natural disasters, armed attacks, spread of infectious diseases, etc.			Information & Telecommunications	《19》 Decrease in profits from information and telecommunications business	
	《6》 Information security			Life/Business Solution	《20》 Decline in profits from life/business solution business	
	《7》 Reputation			Business environment	《21》 Change of political measures	
	《8》 Decrease in employee motivation				《22》 Market risk (fluctuations in market conditions)	
	《9》 Problems with the provision of products and services and deterioration in quality				《23》 Stagnation of innovation	
	《10》 Decrease in human capital competitiveness					
	《11》 Information disclosure-related issues		Maintenance and improvement of asset value (B/S)	Energy	《24》 Damage to the asset value of energy business	
	G				Other	《25》 Damage to the asset value of businesses other than energy
《12》 Compliance						
《13》 Governance						

Risk map



Gravity



Red font: Perspective of achieving financial targets  
Black font: Perspective of ESG

Probability of occurrence

[Note] Probability of occurrence indicates that, for example, a risk classified as “Medium: Once or more/25 years - Less than once/5 years” does not always occur at least once in 25 years, but viewed relatively, it is evaluated to have that degree of probability. The monetary impact reflects lower sales and higher expenses.

Investment risk management

Regarding investment in the domestic renewable energy business, international and our group businesses, and new 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 meeting structure (Investment Evaluation Committee), which consists of executives in charge of business promotion and 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 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 as we strive to appropriately deal with risks.

Risk Management

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 procurement 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 procurement 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 75% (FY 2020 results)  
• Implement CSR questionnaire in fiscal 2019-2021 for our top 200 business partners whose transaction amounts are among the largest.  
→ Scheduled to be fully completed by the end of FY 2021 (42% completed)

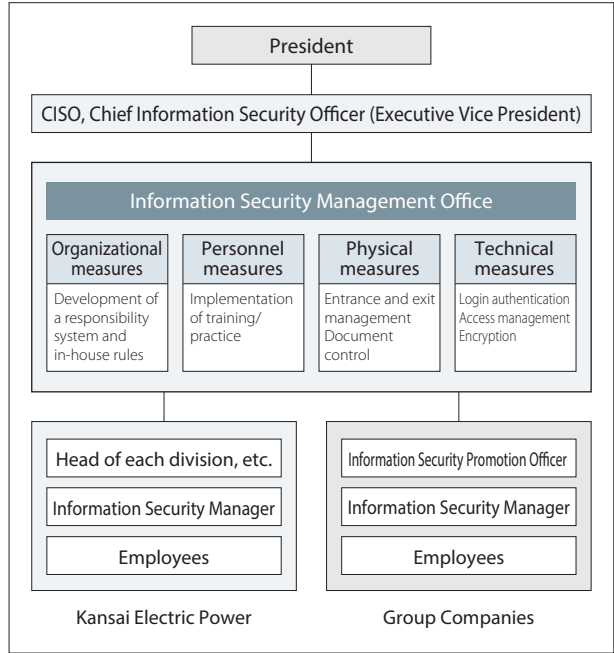
Information security initiatives

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 customer information in our possession. In particular, while further strengthening countermeasures against cyber attacks, which are increasing around the world and targeting important infrastructure operators, we are promoting information security management based on the relevant laws, regulations and guidelines of cyber security management along with in-house rules. At the same time, in accordance with amendments to the Personal Information Protection Law, our in-house rules and systems are revised 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) [Executive Vice President] 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: Makoto Araki [Kansai Electric Power CISO (Executive Vice President)]  
Deliberative body: Executive Meeting  
Management office: Cyber Security Administration Group, Office of IT Strategy (Information Security Management Office)



Efforts for cyber security measures

By quickly recognizing threats such as security incidents and vulnerabilities that occur outside the Company, as well as issues with our Information Technology (IT) systems used in our daily work and all Operational Technology (OT) systems related to the provision of a stable power supply, we are continuously implementing necessary security measures.  
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 the 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.

\* An organization where business operators share and analyze information from the perspective of cyber security in order to ensure the stability of the supply of electricity in Japan.



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, 2021, and  
Independent Auditor’s Report

Consolidated Balance Sheet

The Kansai Electric Power Company, Incorporated and Its Subsidiaries March 31, 2021

ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
PROPERTY:			
Utility plant and equipment .....	¥ 14,705,367	¥ 14,339,365	\$ 132,815,820
Other plant and equipment (Note 11) .....	2,254,400	2,207,797	20,361,280
Construction in progress (Note 11) .....	684,652	772,345	6,183,638
Contributions in aid of construction .....	(512,978)	(500,141)	(4,633,113)
Accumulated depreciation and amortization .....	(12,119,512)	(12,062,520)	(109,460,918)
Plant and equipment – net (Note 7) .....	5,011,929	4,756,845	45,266,707
Nuclear fuel, net of amortization (Note 2.c) .....	528,442	509,313	4,772,778
Property – net .....	5,540,371	5,266,158	50,039,485
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 8, 11, and 20) .....	246,518	208,042	2,226,506
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 11) .....	550,897	511,136	4,975,587
Special account related to nuclear power decommissioning (Note 2.n) .....	59,074	65,038	533,548
Special account related to reprocessing of spent nuclear fuel (Note 2.i) .....	119,057	87,960	1,075,298
Deferred tax assets (Note 17) .....	326,785	348,883	2,951,460
Other assets (Note 11) .....	229,063	205,772	2,068,852
Total investments and other assets .....	1,531,396	1,426,834	13,831,253
CURRENT ASSETS:			
Cash and cash equivalents (Notes 11 and 20) .....	291,266	255,458	2,630,656
Receivables (Notes 11 and 20) .....	372,417	316,956	3,363,599
Allowance for doubtful accounts .....	(21,556)	(2,148)	(194,697)
Inventories (Notes 10 and 11) .....	182,899	172,764	1,651,913
Other current assets (Notes 8, 11, and 21) .....	178,960	176,704	1,616,331
Total current assets .....	1,003,987	919,736	9,067,802
TOTAL .....	¥ 8,075,755	¥ 7,612,729	\$ 72,938,542

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities (Notes 11 and 21) .....	¥ 3,457,743	¥ 3,143,221	\$ 31,229,616
Liability for retirement benefits (Note 12) .....	368,047	367,095	3,324,129
Asset retirement obligations (Notes 2.j and 13) .....	517,672	508,279	4,675,506
Deferred tax liabilities (Note 17) .....	4,924	3,440	44,477
Other long-term liabilities .....	226,647	235,041	2,047,033
Total long-term liabilities .....	4,575,034	4,257,078	41,320,763
CURRENT LIABILITIES:			
Current maturities of long-term debt (Notes 11 and 20) .....	582,379	530,074	5,259,931
Short-term borrowings (Notes 14 and 20) .....	447,092	440,521	4,038,044
Notes and accounts payable (Notes 11 and 20) .....	230,974	212,420	2,086,109
Accrued income taxes (Note 20) .....	10,850	13,919	97,995
Provision for loss on guarantees (Note 2.k) .....	1,738	14,876	15,700
Accrued expenses and other current liabilities .....	476,143	474,650	4,300,424
Total current liabilities .....	1,749,177	1,686,464	15,798,206
RESERVE FOR FLUCTUATIONS IN WATER LEVEL .....	25,985	27,431	234,693
COMMITMENTS AND CONTINGENCIES (Notes 19 and 23)			
EQUITY (Note 16):			
Common stock – authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2021 and 2020 .....	489,320	489,320	4,419,442
Capital surplus .....	66,726	66,678	602,663
Retained earnings .....	1,127,814	1,063,517	10,186,183
Treasury stock – at cost: 45,616,692 shares in 2021 and 45,589,484 shares in 2020 .....	(96,845)	(96,828)	(874,684)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities .....	85,163	59,615	769,182
Deferred gain (loss) on derivatives under hedge accounting .....	11,179	14,173	100,973
Foreign currency translation adjustments .....	4,134	7,309	37,342
Defined retirement benefit plans .....	(2,966)	(2,992)	(26,795)
Total .....	1,684,528	1,600,793	15,214,307
Noncontrolling interests .....	41,029	40,960	370,570
Total equity .....	1,725,557	1,641,754	15,584,878
TOTAL .....	¥ 8,075,755	¥ 7,612,729	\$ 72,938,542

See notes to consolidated financial statements.



Consolidated Statement of Income

The Kansai Electric Power Company, Incorporated and Its Subsidiaries    Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>OPERATING REVENUES:</b>			
Electric .....	<b>¥ 2,387,836</b>	¥ 2,505,441	<b>\$ 21,566,441</b>
Other .....	<b>704,562</b>	678,818	<b>6,363,459</b>
Total operating revenues .....	<b>3,092,398</b>	3,184,259	<b>27,929,900</b>
<b>OPERATING EXPENSES (Note 18):</b>			
Electric .....	<b>2,338,607</b>	2,384,507	<b>21,121,818</b>
Other .....	<b>608,044</b>	592,795	<b>5,491,731</b>
Total operating expenses .....	<b>2,946,652</b>	2,977,303	<b>26,613,549</b>
<b>OPERATING INCOME</b> .....	<b>145,746</b>	206,956	<b>1,316,351</b>
<b>OTHER (INCOME) EXPENSES:</b>			
Interest and dividend income .....	<b>(12,332)</b>	(16,041)	<b>(111,383)</b>
Interest expense .....	<b>22,462</b>	25,875	<b>202,878</b>
Equity in earnings of associated companies .....	<b>(13,703)</b>	(13,872)	<b>(123,769)</b>
Other – net .....	<b>(4,530)</b>	(547)	<b>(40,918)</b>
Other (income) expenses – net .....	<b>(8,103)</b>	(4,585)	<b>(73,192)</b>
<b>ORDINARY INCOME</b> .....	<b>153,850</b>	211,541	<b>1,389,544</b>
<b>EXTRAORDINARY EXPENSES:</b>			
Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies (Note 15) ....		24,141	
Total extraordinary expenses .....		24,141	
<b>INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES</b> .....	<b>153,850</b>	187,400	<b>1,389,544</b>
<b>PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL</b> .....	<b>(1,446)</b>	(957)	<b>(13,065)</b>
<b>INCOME BEFORE INCOME TAXES</b> .....	<b>155,296</b>	188,357	<b>1,402,610</b>
<b>INCOME TAXES (Note 17):</b>			
Current .....	<b>27,181</b>	30,363	<b>245,497</b>
Deferred .....	<b>17,077</b>	26,780	<b>154,237</b>
Total income taxes .....	<b>44,258</b>	57,143	<b>399,735</b>
<b>NET INCOME</b> .....	<b>111,038</b>	131,214	<b>1,002,874</b>
<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b> .....	<b>2,060</b>	1,211	<b>18,607</b>
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b> .....	<b>¥ 108,978</b>	¥ 130,002	<b>\$ 984,266</b>

	Yen		U.S. Dollars
	2021	2020	2021
<b>PER SHARE OF COMMON STOCK (Notes 2.s and 24):</b>			
Basic net income .....	<b>¥ 122.02</b>	¥ 145.55	<b>\$ 1.10</b>
Cash dividends applicable to the year .....	<b>50.00</b>	50.00	<b>0.45</b>

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Kansai Electric Power Company, Incorporated and Its Subsidiaries    Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>NET INCOME</b> .....	<b>¥ 111,038</b>	¥ 131,214	<b>\$ 1,002,874</b>
<b>OTHER COMPREHENSIVE INCOME (Note 22):</b>			
Unrealized gain (loss) on available-for-sale securities .....	<b>20,496</b>	(20,139)	<b>185,121</b>
Deferred (loss) gain on derivatives under hedge accounting .....	<b>(4,288)</b>	26,279	<b>(38,729)</b>
Foreign currency translation adjustments .....	<b>(2,583)</b>	(1,884)	<b>(23,333)</b>
Defined retirement benefit plans .....	<b>(730)</b>	1,754	<b>(6,600)</b>
Share of other comprehensive income (loss) in associates .....	<b>5,948</b>	(1,174)	<b>53,727</b>
Total other comprehensive income .....	<b>18,842</b>	4,835	<b>170,185</b>
<b>COMPREHENSIVE INCOME</b>	<b>¥ 129,881</b>	¥ 136,049	<b>\$ 1,173,059</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of the parent .....	<b>¥ 128,383</b>	¥ 132,569	<b>\$ 1,159,528</b>
Noncontrolling interests .....	<b>1,498</b>	3,480	<b>13,531</b>

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

The Kansai Electric Power Company, Incorporated and Its Subsidiaries    Year Ended March 31, 2021

	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, 2019</b>	<b>938,733,028</b>	<b>¥ 489,320</b>	<b>¥ 66,656</b>	<b>¥ 979,669</b>	<b>¥ (96,806)</b>	<b>¥ 82,937</b>	<b>¥ (9,514)</b>	<b>¥ 9,015</b>	<b>¥ (7,034)</b>	<b>¥ 1,514,244</b>	<b>¥ 18,702</b>	<b>¥ 1,532,946</b>
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 .....												
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>	<b>938,733,028</b>	<b>489,320</b>	<b>66,678</b>	<b>1,063,517</b>	<b>(96,828)</b>	<b>59,615</b>	<b>14,173</b>	<b>7,309</b>	<b>(2,992)</b>	<b>1,600,793</b>	<b>40,960</b>	<b>1,641,754</b>
Cash dividends, ¥50 per share .....				(44,678)						(44,678)		(44,678)
Net income attributable to owners of the parent .....				108,978						108,978		108,978
Change of scope of consolidation .....				(1)						(1)		(1)
Purchase of treasury stock .....					(19)					(19)		(19)
Disposal of treasury stock .....			(1)		3					1		1
Transfer to capital surplus from retained earnings .....			1	(1)								
Change in equity of purchase of treasury shares of consolidated subsidiaries .....			25							25		25
Change in equity of consolidated subsidiary arising from change in equity in entities accounted for using equity method .....			23							23		23
Capital decrease of consolidated subsidiaries .....												
Capital increase of consolidated subsidiaries .....												
Net change in the year .....						25,548	(2,994)	(3,175)	25	19,405	68	19,473
<b>BALANCE, MARCH 31, 2021</b>	<b>938,733,028</b>	<b>¥ 489,320</b>	<b>¥ 66,726</b>	<b>¥ 1,127,814</b>	<b>¥ (96,845)</b>	<b>¥ 85,163</b>	<b>¥ 11,179</b>	<b>¥ 4,134</b>	<b>¥ (2,966)</b>	<b>¥ 1,684,528</b>	<b>¥ 41,029</b>	<b>¥ 1,725,557</b>

	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, 2020</b>	<b>\$ 4,419,442</b>	<b>\$ 602,223</b>	<b>\$ 9,605,466</b>	<b>\$ (874,535)</b>	<b>\$ 538,434</b>	<b>\$ 128,016</b>	<b>\$ 66,018</b>	<b>\$ (27,029)</b>	<b>\$ 14,458,037</b>	<b>\$ 369,948</b>	<b>\$ 14,827,986</b>	
Cash dividends, \$0.45 per share			(403,525)						(403,525)		(403,525)	
Net income attributable to owners of the parent			984,266						984,266		984,266	
Change of scope of consolidation			(10)						(10)		(10)	
Purchase of treasury stock				(175)					(175)		(175)	
Disposal of treasury stock		(13)		27					13		13	
Transfer to capital surplus from retained earnings		13	(13)									
Change in equity of purchase of treasury shares of consolidated subsidiaries		228							228		228	
Change in equity of consolidated subsidiary arising from change in equity in entities accounted for using equity method		211							211		211	
Capital decrease of consolidated subsidiaries												
Capital increase of consolidated subsidiaries												
Net change in the year					230,748	(27,042)	(28,676)	233	175,262	621	175,883	
<b>BALANCE, MARCH 31, 2021</b>	<b>\$ 4,419,442</b>	<b>\$ 602,663</b>	<b>\$ 10,186,183</b>	<b>\$ (874,684)</b>	<b>\$ 769,182</b>	<b>\$ 100,973</b>	<b>\$ 37,342</b>	<b>\$ (26,795)</b>	<b>\$ 15,214,307</b>	<b>\$ 370,570</b>	<b>\$ 15,584,878</b>	

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Kansai Electric Power Company, Incorporated and Its Subsidiaries    Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes .....	<b>¥ 155,296</b>	<b>¥ 188,357</b>	<b>\$ 1,402,610</b>
Adjustments for:			
Income taxes – paid .....	<b>(30,016)</b>	(31,181)	<b>(271,098)</b>
Depreciation and amortization .....	<b>284,622</b>	271,972	<b>2,570,655</b>
Decommissioning cost of nuclear power units .....	<b>15,149</b>	14,408	<b>136,830</b>
Depreciation of special account related to nuclear power decommissioning .....	<b>5,964</b>	7,986	<b>53,866</b>
Amortization of nuclear fuel .....	<b>12,572</b>	21,669	<b>113,555</b>
Loss on disposal of property, plant, and equipment .....	<b>11,903</b>	11,830	<b>107,512</b>
Losses on investment, doubtful debt and guarantee of subsidiaries and associated companies .....		24,141	
Changes in assets and liabilities:			
Decrease in interest and dividends receivable .....	<b>4,094</b>	4,483	<b>36,983</b>
Increase in notes and accounts payable .....	<b>16,412</b>	4,093	<b>148,234</b>
Decrease in interest payable .....	<b>(717)</b>	(782)	<b>(6,482)</b>
(Decrease) increase in liability for retirement benefits .....	<b>(62)</b>	1,150	<b>(563)</b>
(Increase) decrease in receivables .....	<b>(40,391)</b>	25,057	<b>(364,803)</b>
Payments for loss on disaster .....		(3,346)	
Decrease in reserve for fluctuations in water level .....	<b>(1,446)</b>	(957)	<b>(13,065)</b>
Payments for guarantee of obligation .....	<b>(12,028)</b>		<b>(108,635)</b>
Other – net .....	<b>(52,140)</b>	(75,476)	<b>(470,923)</b>
Total adjustments .....	<b>213,918</b>	275,051	<b>1,932,066</b>
Net cash provided by operating activities .....	<b>369,215</b>	463,408	<b>3,334,676</b>
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant, and equipment .....	<b>(647,481)</b>	(537,876)	<b>(5,847,919)</b>
Payments for investments and advances .....	<b>(46,447)</b>	(92,690)	<b>(419,507)</b>
Proceeds from sales of investments or collections of advances .....	<b>14,787</b>	13,871	<b>133,558</b>
Purchase of shares of subsidiaries resulting in change of scope of consolidations .....	<b>(13,686)</b>		<b>(123,615)</b>
Payments for transfer of business .....	<b>(10,016)</b>	(2,641)	<b>(90,463)</b>
Other – net (Note 4) .....	<b>42,089</b>	41,966	<b>380,144</b>
Net cash used in investing activities .....	<b>(660,755)</b>	(577,370)	<b>(5,967,803)</b>
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issuance of bonds .....	<b>169,469</b>	253,064	<b>1,530,612</b>
Proceeds from long-term debt (exclusive of bonds) .....	<b>729,033</b>	477,010	<b>6,584,475</b>
Proceeds from short-term loans .....	<b>265,541</b>	264,969	<b>2,398,320</b>
Proceeds from issuance of commercial papers .....	<b>612,000</b>	522,000	<b>5,527,456</b>
Redemption of bonds .....	<b>(199,905)</b>	(199,650)	<b>(1,805,500)</b>
Repayments of long-term debt (exclusive of bonds) .....	<b>(328,266)</b>	(311,890)	<b>(2,964,837)</b>
Repayments of short-term loans .....	<b>(262,171)</b>	(266,360)	<b>(2,367,882)</b>
Repayments of commercial papers .....	<b>(608,000)</b>	(496,000)	<b>(5,491,329)</b>
Dividends paid .....	<b>(44,582)</b>	(44,570)	<b>(402,663)</b>
Other – net (Note 4) .....	<b>(7,474)</b>	12,648	<b>(67,509)</b>
Net cash provided by financing activities .....	<b>325,643</b>	211,222	<b>2,941,140</b>
<b>NET CASH PROVIDED BY OPERATING, INVESTING, AND FINANCING ACTIVITIES</b> .....	<b>34,103</b>	97,260	<b>308,013</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b> .....	<b>1,817</b>	22	<b>16,415</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b> .....	<b>35,920</b>	97,282	<b>324,429</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b> .....	<b>255,458</b>	158,978	<b>2,307,250</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM EXCLUSION OF SUBSIDIARIES FROM CONSOLIDATION</b> .....	<b>(113)</b>	(802)	<b>(1,023)</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b> .....	<b>¥ 291,266</b>	<b>¥ 255,458</b>	<b>\$ 2,630,656</b>

See notes to consolidated financial statements.



Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

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 ¥110.72 to \$1, the approximate rate of exchange as of March 31, 2021. 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, 2021, include the accounts of the Company and 86 (80 in 2020) 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 2021 and 2020 associated companies are accounted for by the equity method. Investments in the unconsolidated subsidiaries and remaining associated companies are stated at cost. If the

equity method of accounting had 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 eleven 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 January 31. The Company consolidates such subsidiary’s financial statements using their financial results for the year ended January 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, 2021 and 2020, was ¥68,433 million (\$618, 079 thousand) and ¥81,184 million, respectively.

**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** – Investment 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 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 at the consolidated balance sheet date.

Prior service cost is amortized by the straight-line method over a period of principally three years no longer than the expected average remaining service period of the employees.

Actuarial gains or losses are recognized as the proration by the straight-line method (some consolidated subsidiaries recognize by the declining balance method) over a period of principally three years no longer than the expected average remaining service period of the employees for each fiscal year from the next fiscal year

(some consolidated subsidiaries recognize from the current fiscal year).

**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, 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.

**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 the 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. In addition, in accordance with

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

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.

In regard to decommissioning of special nuclear power facilities, the amount reported as the reserve for decommissioning of such nuclear power units is computed using, as its benchmark, the total estimated amount of the expense of decommissioning of nuclear power units based on the “Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Units” (No. 30 Ordinance of the Ministry of International Trade and Industry of 1989; hereinafter “Ministerial Ordinance for Decommissioning”), and setting the operation period of the special nuclear power facility determined by such ordinance as the period in which such facility is expected to be used, and applying a discount rate of 2.3%.

However, if the amount computed as the reserve for the decommissioning of nuclear power units based on the Ministerial Ordinance for Decommissioning is greater than the amount computed above, the amount computed based on the Ministerial Ordinance for Decommissioning will be reported.

**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 by 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. Overview of Contributions to Streamline Decommissioning and Special Account Related to Nuclear Power Decommissioning** – The

decommissioning accounting system is introduced for the purpose of streamlining the decommissioning of reactors. In accordance with the decommissioning accounting system, the remaining book value, etc. (book value of nuclear power special assets, book value of special account related to nuclear power decommissioning (including amount equivalent to expenses related to nuclear power decommissioning) and the necessary reserve amount for reserves for decommissioning of nuclear power units) of reactors decommissioned due to changes in the government’s energy policy safety regulations, etc. is recovered by the contribution to streamline the decommissioning, which is collected through the wheeling charges of general electricity transmission and distribution utilities. Until September 2020, the contributions were collected through regulated retail sales price, however, from October 2020, in order to secure the sustainability of the system, the current recovery process was adopted.

In applying the above system, according to Article 45-21-6 of the “Ministerial Ordinance for the Enforcement of the Electricity Business Act” (No. 77 Ordinance of the Ministry of International Trade and Industry of 1995), the Company submitted to the Minister of Economy, Trade and Industry a written application for the approval of contributions to streamline the decommissioning in regard to the book value of nuclear power special assets, book value of special account related to nuclear power decommissioning (including amount equivalent to expenses related to nuclear power decommissioning) and the necessary reserve amount for the decommissioning of nuclear power units, and obtained the minister’s approval on July 22, 2020. Also, Kansai Transmission and Distribution, Inc. that received a notice from the Minister of Economy, Trade and Industry in regard to contributions to streamline decommissioning, revised its general provisions for wheeling service, etc. (revision effective date: October 1, 2020) in accordance with Article 45-21-5 of the “Ministerial Ordinance for the Enforcement of the Electricity Business Act” (No. 77 Ordinance of the Ministry of International Trade and Industry of 1995), and collects contributions to streamline the decommissioning and pays out such contributions to the Company and The Japan Atomic Power Company.

The special account related to nuclear power decommissioning shall be amortized in relation to the amount of contributions to streamline the decommissioning paid by Kansai Transmission and Distribution, Inc. pursuant to Articles 5 and 8 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. 77, 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 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 its 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. New Accounting Pronouncements

**Revenue recognition** – The ASBJ issued ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition,” on March 31, 2020, and ASBJ Guidance No. 30, “Implementation Guidance on Accounting Standard for Revenue Recognition” on March 26, 2021. The Ordinance on Accounting at Electricity Utilities was also amended on March 31, 2021. 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.



Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 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 or after April 1, 2021. As main effects, allotted money in Article 36 (1) of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (Act No. 108 of 2011) is recorded as other current liabilities and subsidies in Article 28 (1) is deducted from related operating expenses after applying them. Such allotted money have been recorded as operating revenues prior to the adoption.

Operating revenues in 2022 is expected to decrease around ¥490,000 million (around \$4,425,578 thousand), and effects on income and retained earnings are expected to be slight. However, various matters can change the actual effects.

“Residential” and “Commercial and industrial” in electricity operating revenues are recorded as revenues based on the volume of electricity determined by meter reading in accordance with Ordinance on Accounting at Electric Utilities. This treatment is not amended and the Company continues to apply this accounting method.

**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 expect 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.

**u. 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 the provisions of the taxation law before revision.

3. SIGNIFICANT ACCOUNTING ESTIMATES

- (a) Recoverability of Deferred Tax Assets**
- (1) Amount recorded in consolidated financial statements for the current fiscal year  
¥326,785 million (\$2,951,460 thousand)
  - (2) Information related to the contents of significant accounting estimates pertaining to identified items  
Of the above amount, the Group has reported deferred tax assets relating to tax loss carried forward in the amount of ¥29,347 million (\$265,056 thousand).  
Deferred tax assets are reported after deducting the amount of tax that is not expected to be collected in the future, and recoverability is determined based on the prospect of future consolidated taxable income.  
The prospect of future consolidated taxable income may vary according to the total electricity sales or the operating conditions etc. of nuclear power plants, and the recoverability of deferred tax assets may be impacted by such variation.
- (b) Valuation of Securities whose fair value is not reliably determined**
- (1) The amount recorded in consolidated financial statements in the current fiscal year  
¥615,026 million (\$5,554,791 thousand)
  - (2) Information relating to the contents of important accounting estimates pertaining to identified items

Securities with fair market value that is extremely difficult to calculate are valued using the net asset value or the prospect of future cash flow based on business plans, etc., and if the results of the valuation show significant drop in fair value, impairment loss will be recognized.

The net asset value or prospect of future cash flow based on business plans, etc. may vary according to the business status or financial conditions of the investees, and valuation of securities may be impacted by such variation.

4. CHANGES IN PRESENTATION

**Related to Consolidated Statement of Income**

Amounts previously presented as “Gain on sales of property, plant, and equipment” under “Other (Income) Expenses” in the last fiscal year are 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 income.

As a result, ¥(6,966) million from “Gain on sales of property, plant, and equipment” and ¥6,419 million from “Other” were combined and presented as “Other” in the amount of ¥(547) million.

**Related to the Consolidated Statement of Cash Flows**

Regarding “Net cash used in investing activities,” the “Payments for transfer of business” that was previously included in “Other” was presented separately in the current fiscal year as the amounts became material. Therefore, a separate category was created in this fiscal year. To reflect this change in presentation, similar adjustment was made to the comparative information on the consolidated statement of cash flows.

As a result, ¥39,324 million reported as “Other” under the last year’s “Net cash used in investing activities” was split into ¥(2,641) million for “Payments for transfer of business” and ¥41,966 million as “Other.”

Amounts previously presented as “Proceeds from share issuance to noncontrolling shareholders” under “Net cash provided by financing activities” in the last fiscal year are 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, ¥22,493 million from “Proceeds from share issuance to noncontrolling shareholders” and ¥(9,844) million from “Other” were combined and presented as “Other” in the amount of ¥12,648 million.

**Accounting Standard for Disclosure of Accounting Estimates**

“Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) is applied to the consolidated financial statements in the current fiscal year and disclosed a note regarding the material accounting estimates.

However, this notation does not describe the last fiscal year complying with the specific transitional provisions ruled by the conditional clause No. 11.

5. ADDITIONAL INFORMATION

**Stock-Based Incentive System for Executive Officers**

The Company has introduced a 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 values 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 the 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 were ¥199 million (\$1,805 thousand) and 127,857 shares, respectively.

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

6. BUSINESS COMBINATION

Operations of entities under common control

On April 1, 2020, the Company transferred its general electricity 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 such reform, the revised Electricity Business Act came into effect 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, a 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 April 25, 2019, made an absorption-type split agreement with the Kansai Transmission and Distribution, Inc. to transfer such business.

2. Overview of accounting treatment

In accordance with “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 was accounted as a transaction under common control beginning on September 13, 2013.

7. PLANT AND EQUIPMENT

The carrying value of plant and equipment as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Hydroelectric power production facilities .....	¥ 299,140	¥ 302,006	\$ 2,701,776
Thermal power production facilities .....	325,142	345,217	2,936,621
Nuclear power production facilities .....	747,453	387,506	6,750,846
Transmission facilities .....	773,564	779,561	6,986,675
Transformation facilities .....	416,558	407,537	3,762,268
Distribution facilities .....	804,741	806,399	7,268,262
General facilities .....	106,529	101,170	962,155
Other utility facilities .....	19,257	19,939	173,926
Other plant and equipment .....	834,888	835,160	7,540,536
Construction in progress .....	684,652	772,345	6,183,638
Total .....	¥ 5,011,929	¥ 4,756,845	\$ 45,266,707

The book value of specified assets for nuclear power is included in nuclear power production facilities, which amounted to ¥22,895 million (\$206,788 thousand) and ¥27,403 million as of March 31, 2021 and 2020, respectively.

8. INVESTMENT SECURITIES

The information for available-for-sale securities, whose fair values are readily determinable, and held-to-maturity securities as of March 31, 2021 and 2020, is as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2021				
Securities classified as:				
Available for sale:				
Equity securities .....	¥ 62,495	¥ 98,190	¥ (36)	¥ 160,648
Debt securities .....	200	10		210
Held-to-maturity debt securities .....	1,409	44	(0)	1,452
March 31, 2020				
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
	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2021				
Securities classified as:				
Available for sale:				
Equity securities .....	\$ 564,445	\$ 886,835	\$ (333)	\$ 1,450,948
Debt securities .....	1,806	93		1,900
Held-to-maturity debt securities .....	12,730	398	(7)	13,121



Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

9. INVESTMENT PROPERTY

The Group owns certain rental properties such as office buildings and land in Osaka and other areas. The net of rental income from those rental real properties is ¥12,842 million (\$115,988 thousand) (mainly recorded as operating income) for the fiscal year ended March 31, 2021.

In addition, the carrying amounts, changes in such balances and market prices of such properties are as follows:

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2020	Increase/Decrease	March 31, 2021	March 31, 2021
¥ 278,470	¥ 32,825	¥ 311,295	¥ 503,823

Thousands of U.S. Dollars			
Carrying Amount			Fair Value
April 1, 2020	Increase/Decrease	March 31, 2021	March 31, 2021
\$ 2,515,084	\$ 296,473	\$ 2,811,557	\$ 4,550,426

Notes: 1. Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation and accumulated impairment losses, if any.  
2. Increase during the fiscal year ended March 31, 2021, primarily represents the acquisition of certain properties of ¥47,644 million (\$430,319 thousand), and the decrease

primarily represents sales of ¥9,238 million (\$83,442 thousand) and depreciation expense of ¥4,768 million (\$43,071 thousand).  
3. Fair value of properties as of March 31, 2021, is measured by the Group in accordance with its Real-Estate Appraisal Standard.

10. INVENTORIES

Inventories as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Merchandise and finished products	¥ 4,598	¥ 4,050	\$ 41,535
Work in process	7,360	5,992	66,475
Raw materials and supplies	67,634	85,960	610,857
Real estate for sale	103,306	76,761	933,045
Total	¥ 182,899	¥ 172,764	\$ 1,651,913

11. LONG-TERM DEBT

Long-term debt as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Secured bonds:			
0.14% to 2.55%, due serially through 2049:			
The Company	¥ 1,283,820	¥ 1,313,620	\$ 11,595,195
Subsidiaries	200	300	1,806
(Nonrecourse debt included above)	100	100	903
Unsecured bonds	27	132	248
Secured loans principally from the Development Bank of Japan:			
0.33% to 2.90% maturing serially through 2030:			
The Company	359,019	321,037	3,242,584
Subsidiaries	42,705	29,468	385,711
(Nonrecourse debt included above)	22,528	16,396	203,472
Unsecured loans from banks, insurance companies, and other sources:			
0.045% to 2.90% (0.07% to 1.99% in 2020) maturing serially through 2041	2,338,798	1,991,585	21,123,543
Obligations under finance leases	15,551	17,152	140,459
Total	4,040,122	3,673,296	36,489,548
Less current maturities	582,379	530,074	5,259,931
Long-term debt, less current maturities	¥ 3,457,743	¥ 3,143,221	\$ 31,229,616

Annual maturities of long-term debt as of March 31, 2021, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2022	¥ 582,379	\$ 5,259,931
2023	485,072	4,381,073
2024	514,851	4,650,029
2025	447,625	4,042,857
2026	403,036	3,640,141
2027 and thereafter	1,607,157	14,515,514
Total	¥ 4,040,122	\$ 36,489,548

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries    Year Ended March 31, 2021

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 ¥1,331 million (\$12,027 thousand) and the above secured loans as of March 31, 2021, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Other plant and equipment .....	¥ 20,518	\$ 185,323
Construction in progress .....	20,832	188,152
Other assets .....	1,721	15,544
Cash and cash equivalents .....	5,459	49,310
Other current assets .....	86	784

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
	2021	2021
Other plant and equipment .....	¥ 25,336	\$ 228,836
Construction in progress .....	1,017	9,185
Investments in and advances to unconsolidated subsidiaries and associated companies .....	46,744	422,191
Cash and cash equivalents .....	1,760	15,897
Other assets .....	17,755	160,359
Receivables .....	311	2,816
Inventories .....	272	2,464
Other current assets .....	1,091	9,862
Deferred tax assets .....	262	2,369

12. 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, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year .....	¥ 367,095	¥ 371,057	\$ 3,315,527
Current service cost .....	12,861	13,015	116,161
Interest cost .....	3,645	3,437	32,923
Actuarial losses .....	3,682	605	33,263
Benefits paid .....	(18,103)	(17,527)	(163,509)
Prior service cost .....	(142)		(1,285)
Decrease resulting from exclusion of subsidiaries from consolidation .....		(2,645)	
Other .....	(991)	(847)	(8,951)
Balance at end of year .....	¥ 368,047	¥ 367,095	\$ 3,324,129

2. The components of net periodic retirement benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Service cost .....	¥ 12,861	¥ 13,015	\$ 116,161
Interest cost .....	3,645	3,437	32,923
Expected return on plan assets .....		(9)	
Recognized actuarial losses .....	2,668	3,064	24,098
Amortization of prior service cost .....	(142)	(8)	(1,285)
Other .....	199	(55)	1,798
Net periodic retirement benefit costs .....	¥ 19,231	¥ 19,443	\$ 173,696

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

as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Prior service cost .....		¥ (8)	
Actuarial losses .....	¥ (1,017)	2,459	\$ (9,193)
Total .....	¥ (1,017)	¥ 2,451	\$ (9,193)

Notes to Consolidated Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries    Year Ended March 31, 2021

4. Amounts recognized in accumulated other comprehensive income (before income tax, effect) in respect of defined retirement benefit plans as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrecognized prior service cost .....			
Unrecognized actuarial losses .....	¥ 4,922	¥ 3,907	\$ 44,454
Total .....	¥ 4,922	¥ 3,907	\$ 44,454

5. Assumptions used for the years ended March 31, 2021 and 2020, are set forth as follows:

	2021	2020
Discount rate .....	1.05%	0.99%

6. Defined contribution and ¥6,773 million for the years ended March 31, 2021 and 2020, respectively.  
The required contribution amount of the Company and certain consolidated subsidiaries was ¥6,757 million (\$61,031 thousand)

13. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year .....	¥ 508,279	¥ 501,354	\$ 4,590,676
Additional provisions .....	23,670	20,792	213,787
Reduction .....	(14,278)	(13,866)	(128,957)
Balance at end of year .....	¥ 517,672	¥ 508,279	\$ 4,675,506

14. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Short-term loans from banks and other sources with weighted-average interest rate of 0.2119% and 0.3866% at March 31, 2021 and 2020, respectively	¥ 447,092	¥ 440,521	\$ 4,038,044

Commercial paper included in short-term borrowings in the above table was ¥300,000 million (\$2,709,537 thousand) and ¥296,000 million as of March 31, 2021 and 2020, 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.

15. DETAILS OF EXTRAORDINARY EXPENSES

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 in valuation loss on investment of subsidiaries and associated companies, ¥2,710 million in provision for doubtful debt and ¥14,876 million in provision for loss on guarantees.

16. 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.



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The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

17. 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 a normal effective statutory tax rate of approximately 28.0% for the years ended March 31, 2021 and 2020. The tax effects of significant

temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities as of March 31, 2021 and 2020, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Deferred tax assets:			
Liability for retirement benefits .....	¥ 104,181	¥ 103,913	\$ 940,949
Net operating tax loss carryforwards .....	68,350	77,729	617,331
Depreciation and amortization .....	91,434	90,872	825,816
Asset retirement obligations .....	57,436	57,652	518,754
Intercompany profit elimination .....	27,939	25,463	252,345
Other .....	158,203	166,222	1,428,860
Valuation allowance (net operating tax loss carryforwards) .....	(39,003)	(31,408)	(352,275)
Valuation allowance .....	(76,139)	(78,923)	(687,678)
Total valuation allowance .....	(115,143)	(110,332)	(1,039,953)
Total deferred tax assets .....	392,403	411,522	3,544,104
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities .....	(25,759)	(18,882)	(232,650)
Special account related to nuclear power decommissioning .....	(16,514)	(18,182)	(149,158)
Asset equal to asset retirement obligations .....	(9,860)	(11,132)	(89,059)
Other .....	(18,407)	(17,882)	(166,252)
Total deferred tax liabilities .....	(70,542)	(66,079)	(637,120)
Net deferred tax assets .....	¥ 321,861	¥ 345,442	\$ 2,906,983

The expiration of net operating tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2021 was as follows:

March 31, 2021	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) .....	¥ 12,746	¥ 6,150	¥ 25,578	¥ 32	¥ 145	¥ 23,697	¥ 68,350
Less valuation allowance .....	5,802	176	21,501	32	145	11,345	39,003
Deferred tax assets .....	6,943	5,973	4,077			12,352	(b) 29,347

March 31, 2021	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) .....	\$ 117,122	\$ 56,510	\$ 235,036	\$ 299	\$ 1,332	\$ 217,751	\$ 628,052
Less valuation allowance .....	53,318	1,625	197,568	299	1,332	104,249	358,393
Deferred tax assets .....	63,804	54,885	37,467			113,502	(b) 269,659

- (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, 2021, 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, 2021 and 2020, is as follows:

	2021	2020
Normal effective statutory tax rate .....		28.0%
Less valuation allowance .....		4.1
Dividends received deduction .....		(2.6)
Other – net .....		0.8
Actual effective tax rate .....		30.3%

Note: Notes are omitted as the difference between the normal effective statutory tax rates and the actual effective tax rates in the current fiscal year is five one-hundredths or less of the normal effective statutory tax rates.

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18. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥12,225 million (\$110,418 thousand) and ¥11,923 million for the years ended March 31, 2021 and 2020, respectively.

19. RELATED-PARTY DISCLOSURES

Related-party transactions of the Group with associated companies for the years ended March 31, 2021 and 2020, were as follows:

(1) 2021

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	¥400,000	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 YenThousands of U.S. Dollars	
17.3%	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.	Co-guarantees or guarantees of loans and bonds	¥ 147,931	\$ 1,336,085

(2) 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	¥400,000	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	
17.3%	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.	Co-guarantees or guarantees of loans and bonds	¥ 150,363	

20. 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 receivables 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 21 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 holding an adequate volume of liquid assets 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.

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(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 21 for details of the fair value of derivatives.

(a) Fair value of financial instruments

March 31, 2021	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	¥ 162,268	¥ 162,312	¥ 43
Cash and cash equivalents	291,266	291,266	
Receivables	372,417	372,417	
Total	¥ 825,952	¥ 825,996	¥ 43
Long-term debt	¥ 4,024,571	¥ 4,060,115	¥ 35,544
Short-term borrowings	447,092	447,092	
Notes and accounts payable	230,974	230,974	
Accrued income taxes	10,850	10,850	
Total	¥ 4,713,487	¥ 4,749,031	¥ 35,544
Derivatives	¥ 17,983	¥ 17,983	

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, 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	
Total	¥ 709,670	¥ 709,712	¥ 42
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	
Total	¥ 4,323,005	¥ 4,346,265	¥ 23,260
Derivatives	¥ 23,452	¥ 23,452	
March 31, 2021	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	\$ 1,465,579	\$ 1,465,970	\$ 391
Cash and cash equivalents	2,630,656	2,630,656	
Receivables	3,363,599	3,363,599	
Total	\$ 7,459,834	\$ 7,460,225	\$ 391
Long-term debt	\$ 36,349,089	\$ 36,670,118	\$ 321,029
Short-term borrowings	4,038,044	4,038,044	
Notes and accounts payable	2,086,109	2,086,109	
Accrued income taxes	97,995	97,995	
Total	\$ 42,571,238	\$ 42,892,268	\$ 321,029
Derivatives	\$ 162,422	\$ 162,422	

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 8.

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 are measured at the quoted market price.

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 21.



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The Kansai Electric Power Company, Incorporated and Its Subsidiaries Year Ended March 31, 2021

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

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Investments in equity instruments that do not have a quoted market price in an active market	¥ 29,330	¥ 30,989	\$ 264,910
Invested instruments and other	54,279	38,583	490,240

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

March 31, 2021	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	¥ 500	¥ 205	¥ 200	¥ 500
Available-for-sale securities with contractual maturities		200		
Cash and cash equivalents	291,266			
Receivables	370,652	1,756	8	

March 31, 2021	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	\$ 4,515	\$ 1,851	\$ 1,806	\$ 4,515
Available-for-sale securities with contractual maturities		1,806		
Cash and cash equivalents	2,630,656			
Receivables	2,938,739	15,863	81	

Please see Note 11 for annual maturities of long-term debt.

21. 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, 2021	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt)	¥ 2,195	¥ 1,097	¥ (491)	¥ (491)
March 31, 2020				
Currency swaps (U.S. dollar payment, Japanese yen receipt)	¥ 5,134	¥ 2,195	¥ (751)	¥ (751)

March 31, 2021	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)	\$ 19,827	\$ 9,913	\$ (4,441)	\$ (4,441)

Derivative Transactions to Which Hedge Accounting is Applied

March 31, 2021	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Currency swaps (buying U.S. dollars)	Fuel purchasing fund	¥ 219,075	¥ 216,611	¥ 20,523
Foreign exchange forward contracts:				
Currency swaps (Japanese yen payment, US dollar receipt)	Bond	53,820	53,820	(*)
Foreign exchange forward contracts:				
Foreign exchange forward contracts (buying U.S. dollars)	Fuel purchasing fund	3,434	2,609	184
Principle treatment:				
Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	190,444	189,271	(2,277)
Special hedging treatment:				
Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	228,841	100,474	(**)
Commodity swaps (fixed price payment, floating price receipt)	Fuel	1,322		44

March 31, 2020	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Currency swaps (buying U.S. dollars)	Fuel purchasing fund	¥ 219,075	¥ 219,075	¥ 27,163
Foreign exchange forward contracts:				
Currency swaps (Japanese yen payment, U.S. dollar receipt)	Bond	53,820	53,820	
Foreign exchange forward contracts:				
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, 2021	Hedged Item	Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Currency swaps (buying U.S. dollars)	Fuel purchasing fund	\$ 1,978,642	\$ 1,956,387	\$ 185,359
Foreign exchange forward contracts:				
Currency swaps (Japanese yen payment, U.S. dollar receipt)	Bond	486,091	486,091	(*)
Foreign exchange forward contracts:				
Foreign exchange forward contracts (buying U.S. dollars)	Fuel purchasing fund	31,015	23,566	1,667
Principle treatment:				
Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	1,720,059	1,709,461	(20,569)
Special hedging treatment:				
Interest rate swaps (fixed price payment, floating price receipt)	Long-term debt	2,066,845	907,467	(**)
Commodity swaps (fixed price payment, floating price receipt)	Fuel	11,942		406

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

(\*) The foreign exchange forward contracts are included in that of the hedged item because the foreign exchange forward contracts qualify for hedge accounting and meet specific matching criteria.

(\*\*) 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.

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22. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
<b>Unrealized gain (loss) on available-for-sale securities:</b>			
Gains (losses) arising during the year .....	<b>¥ 31,564</b>	¥ (29,273)	<b>\$ 285,087</b>
Reclassification adjustments to loss (profit) .....	<b>(3,367)</b>	990	<b>(30,412)</b>
Amount before income tax effect .....	<b>28,197</b>	(28,282)	<b>254,675</b>
Income tax effect .....	<b>(7,701)</b>	8,143	<b>(69,554)</b>
<b>Total .....</b>	<b>¥ 20,496</b>	¥ (20,139)	<b>\$ 185,121</b>
<b>Deferred gain (loss) on derivatives under hedge accounting:</b>			
Gain (loss) arising during the year .....	<b>¥ (9,836)</b>	¥ 30,824	<b>\$ (88,839)</b>
Reclassification adjustments to profit (loss) .....	<b>(30)</b>	25	<b>(279)</b>
Adjustments to acquisition costs of assets .....	<b>3,872</b>	2,231	<b>34,979</b>
Amount before income tax effect .....	<b>(5,994)</b>	33,081	<b>(54,139)</b>
Income tax effect .....	<b>1,706</b>	(6,802)	<b>15,410</b>
<b>Total .....</b>	<b>¥ (4,288)</b>	¥ 26,279	<b>\$ (38,729)</b>
<b>Foreign currency translation adjustments:</b>			
Adjustments arising during the year .....	<b>¥ (2,583)</b>	¥ (1,884)	<b>\$ (23,333)</b>
<b>Defined retirement benefit plans:</b>			
Adjustments arising during the year .....	<b>¥ (3,682)</b>	¥ (605)	<b>\$ (33,263)</b>
Reclassification adjustments to profit .....	<b>2,668</b>	3,056	<b>24,098</b>
Amount before income tax effect .....	<b>(1,014)</b>	2,451	<b>(9,164)</b>
Income tax effect .....	<b>283</b>	(696)	<b>2,564</b>
<b>Total .....</b>	<b>¥ (730)</b>	¥ 1,754	<b>\$ (6,600)</b>
<b>Share of other comprehensive income in associates:</b>			
(Losses) gains arising during the year .....	<b>¥ 6,443</b>	¥ (4,110)	<b>\$ 58,193</b>
Reclassification adjustments to profit .....	<b>(494)</b>	2,935	<b>(4,466)</b>
<b>Total .....</b>	<b>¥ 5,948</b>	¥ (1,174)	<b>\$ 53,727</b>
<b>Total other comprehensive income .....</b>	<b>¥ 18,842</b>	¥ 4,835	<b>\$ 170,185</b>

23. COMMITMENTS AND CONTINGENCIES

At March 31, 2021, the Group had firm purchase commitments, principally related to utility plant expansion, of approximately ¥600,044 million (\$5,419,480 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, 2021, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Co-guarantees or guarantees of loans and bonds of other companies:		
Japan Nuclear Fuel Limited (Note 17) .....	<b>¥ 147,931</b>	<b>\$ 1,336,085</b>
Other .....	<b>77,864</b>	<b>703,253</b>
<b>Total .....</b>	<b>¥ 225,795</b>	<b>\$ 2,039,339</b>
A guarantee about power supply for PT Bhumi Jati Power .....	<b>¥ 2,793</b>	<b>\$ 25,225</b>

24. NET INCOME PER SHARE

Diluted net income per share (“EPS”) for the years ended March 31, 2021 and 2020, 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, 2021</b>				
Basic EPS:				
Net income attributable to common shareholders .....	¥ 108,978	893,130	¥ 122.02	\$ 1.10
<b>For the year ended March 31, 2020</b>				
Basic EPS:				
Net income attributable to common shareholders .....	¥ 130,002	893,162	¥ 145.55	

As noted in Note 5, 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 (129,782 shares and 139,900 shares in 2021 and 2020) is reflected.

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25. 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 Company established the “Kansai Electric Power Group Medium-term Management Plan (2019-2021)” and transferred its general electricity transmission and distribution business through company split to Kansai Transmission and Distribution, Inc. In accordance with the above, the Company changed the reportable segments from this consolidated fiscal year. We divided the “Comprehensive Energy/Transmission and Distribution Business” that provides overall energy solutions (such as electricity, gas and utility service) into the following business segments: “Power Generation and Sales Business” that provides power generation business and retail electricity business that the Company operates domestically and bears the management function of the whole group as the operating holding company, “Transmission and Distribution Business” that provides services focused on general electricity transmission and distribution, and “Gas and Other Energy Business” that includes other business included in the “Comprehensive Energy/Transmission and Distribution Business,” and also set up the “Information and Telecommunications Business” segment that provides comprehensive information and telecommunication services, and the “Real Estate Business” segment that provided real estate business. Based on the quantitative criteria specified in the “Accounting Standard for Disclosure of Segment Information” (No. 17 Accounting Standards Board of Japan), we have set “Power Generation and Sales Business,” “Transmission and Distribution Business,” “Gas and Other Energy Business,”

“Information and Telecommunications Business” and “Life/Business Solution Business” as our reporting segments.

The aggregate of Generating/Sales business, Transmission and Distribution business and Gas/Other Energies segments is presented as the Comprehensive Energy/Transmission and Distribution Business.

2. Matters on the changes of reportable segments

On April 1, 2020, we have transferred the general electricity transmission and distribution business that we operate to “Kansai Transmission and Distribution, Inc.” by executing an absorption-type split.

Due to such transfer, from the current consolidated fiscal year, the reporting segments were changed so that the previous “Electricity Business” is divided into “Power Generation and Sales Business” and “Transmission and Distribution Business.” Also, of the companies that were previously sorted into “Gas and Other Energy Business,” companies that are closely related to general electricity transmission and distribution business were changed to, and sorted into, the “Transmission and Distribution Business.”

Furthermore, the segment information for the previous consolidated fiscal year is prepared based on the category after change.

3. 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								
2021								
Reportable Segment								
Comprehensive Energy/Transmission and Distribution Business								
Power Generating and Sales	Transmission and Distribution	Gas/Other Energies	Subtotal	IT/Communications	Life/Business Solution	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥ 2,034,494	¥ 386,423	¥ 324,150	¥ 2,745,068	¥ 219,396	¥ 127,933	¥ 3,092,398	¥ 3,092,398
Intersegment sales or transfers	168,310	616,580	222,539	1,007,430	74,385	48,257	1,130,074	¥ (1,130,074)
Total	¥ 2,202,805	¥ 1,003,004	¥ 546,690	¥ 3,752,499	¥ 293,781	¥ 176,191	¥ 4,222,472	¥ 3,092,398
Segment profit	¥ 31,403	¥ 68,381	¥ 52,935	¥ 152,720	¥ 38,694	¥ 17,349	¥ 208,763	¥ 153,850
Segment assets	6,070,614	2,566,333	1,225,822	9,862,769	345,722	762,717	10,971,209	(2,895,454) 8,075,755
Other:								
Depreciation	92,790	109,533	25,117	227,441	51,172	10,923	289,538	(4,915) 284,622
Interest income	11,351	86	552	11,990	3	150	12,143	(11,400) 742
Interest expenses	20,870	10,031	1,634	32,536	291	829	33,657	(11,194) 22,462
Equity gains of associated companies			13,703	13,703			13,703	13,703
Increase in property and intangible assets	408,273	131,594	31,017	570,886	44,664	54,548	670,099	(14,252) 655,847
Investment in associated companies that applied the equity method			289,706	289,706			289,706	289,706

Millions of Yen								
2020								
Reportable Segment								
Comprehensive Energy/Transmission and Distribution Business								
Power Generating and Sales	Transmission and Distribution	Gas/Other Energies	Subtotal	IT/Communications	Life/Business Solution	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥2,287,105	¥ 248,789	¥ 303,312	¥2,839,207	¥ 220,347	¥ 124,704	¥ 3,184,259	¥3,184,259
Intersegment sales or transfers	149,372	619,470	193,719	962,562	70,338	48,650	1,081,551	¥(1,081,551)
Total	¥2,436,477	¥ 868,260	¥ 497,032	¥3,801,769	¥290,686	¥ 173,354	¥ 4,265,811	¥(1,081,551) ¥3,184,259
Segment profit	¥ 59,023	¥ 71,798	¥ 37,076	¥ 167,898	¥ 34,142	¥ 20,574	¥ 222,615	¥ (11,073) ¥ 211,541
Segment assets	5,607,972	2,529,183	1,161,519	9,298,675	356,308	675,924	10,330,908	(2,718,178) 7,612,729
Other:								
Depreciation	84,985	104,085	23,873	212,944	53,949	9,296	276,189	(4,217) 271,972
Interest income	12,090	74	1,883	14,048	4	132	14,186	(12,144) 2,042
Interest expenses	22,804	10,777	2,997	36,579	494	685	37,759	(11,883) 25,875
Equity gains of associated companies			13,872	13,872			13,872	13,872
Increase in property and intangible assets	313,780	133,233	40,443	487,456	41,179	51,325	579,961	(18,021) 561,939
Investment in associated companies that applied the equity method			273,788	273,788			273,788	273,788

Thousands of U.S. Dollars								
2021								
Reportable Segment								
Comprehensive Energy/Transmission and Distribution Business								
Power Generating and Sales	Transmission and Distribution	Gas/Other Energies	Subtotal	IT/Communications	Life/Business Solution	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	\$ 18,375,132	\$ 3,490,096	\$ 2,927,660	\$ 24,792,889	\$ 1,981,539	\$ 1,155,472	\$ 27,929,900	\$ 27,929,900
Intersegment sales or transfers	1,520,145	5,568,828	2,009,932	9,098,905	671,837	435,850	10,206,593	\$(10,206,593)
Total	\$ 19,895,277	\$ 9,058,925	\$ 4,937,592	\$ 33,891,795	\$ 2,653,376	\$ 1,591,322	\$ 38,136,494	\$(10,206,593) \$ 27,929,900
Segment profit	\$ 283,625	\$ 617,608	\$ 478,102	\$ 1,379,336	\$ 349,480	\$ 156,694	\$ 1,885,511	\$ (495,967) \$ 1,389,544
Segment assets	54,828,522	23,178,592	11,071,370	89,078,486	3,122,489	6,888,709	99,089,684	(26,151,142) 72,938,542
Other:								
Depreciation	838,062	989,285	226,860	2,054,208	462,181	98,660	2,615,049	(44,394) 2,570,655
Interest income	102,526	778	4,987	108,291	33	1,354	109,680	(102,969) 6,710
Interest expenses	188,495	90,606	14,763	293,865	2,630	7,491	303,986	(101,107) 202,878
Equity gains of associated companies			123,769	123,769			123,769	123,769
Increase in property and intangible assets	3,687,443	1,188,536	280,146	5,156,125	403,402	492,671	6,052,199	(128,722) 5,923,477
Investment in associated companies that applied the equity method			2,616,570	2,616,570			2,616,570	2,616,570



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, 2021, 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, 2021, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of deferred tax assets

Key Audit Matter Description

As stated in the Notes “3. SIGNIFICANT ACCOUNTING ESTIMATES” and “17. INCOME TAXES,” The Kansai Electric Power Company, Incorporated (the “Company”) recorded net deferred tax assets of ¥326,785 million (\$2,951,460 thousand) as of March 31, 2021, of which ¥29,347 million (\$265,056 thousand) was attributed to net operating tax loss carryforwards.

Deferred tax assets are recognized after deducting the amount of unrecoverable taxes during the future accounting periods, so it is necessary to determine the recoverability of these assets. The recoverability of deferred tax assets is determined by whether the assets would have the effect of reducing the amount of tax payments in the future. The appropriateness of the recoverability of deferred tax assets is addressed in the Accounting Standards Board of Japan (ASBJ) Guidance No. 26, “Implementation Guidance on Recoverability of Deferred Tax Assets.” The related assumptions used to determine the recoverability of deferred tax assets, such as the electricity sales volume and the power generation composition ratio of the operation of the plant, which were used in the calculation of taxable income before the addition and subtraction of temporary differences on the basis of future profitable earnings, were matters that involved significant judgments by management. As they required a high degree of auditor judgment related to accounting estimates, we identified the recoverability of deferred tax assets as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the recoverability of deferred tax assets included the following, among others:

- We tested the occurrence of taxable income in the past three years and the current year in order to assess the appropriateness of the Company’s evaluation of the recoverability of its deferred tax assets. We also tested the changes in the business environment surrounding the Company, including trends in the national energy policy, and its potential impact on the Company’s income and expenditure in order to evaluate factors that may affect future profitability.  
In performing these procedures, we inspected the minutes, including related materials, of the Board of Directors meetings, executive officers’ meetings and other relevant meetings; made inquiries of the Company’s executives and inspected the contents of the meetings including related materials issued by the supervisory authorities.
- We assessed the appropriateness of future deductive temporary difference, which management made to calculate the recoverable amount of deferred tax assets.  
In this procedure, we evaluated the assumptions used in the estimation of taxable income before the addition and subtraction of temporary differences based on estimated future profitability, including the following items:
  - We tested the consistency of the forecasts of electricity sales and the sales forecasts estimated based on the amount of contract acquisitions and withdrawals of electricity sales that are expected in the future. In addition, we evaluated the reliability of the estimate of the prior-year sales plan by comparing it with the actual sales results.
  - We tested whether the plant’s operation assumptions are consistent with the facility’s capacity, supply plan and operation plan, which are published information, specifically regarding the expected operations of nuclear power plants. We inquired with relevant executives the status of the Company’s compliance with regulatory standards and inspected the content of the proceedings of the Nuclear Regulatory Commission.

INDEPENDENT AUDITOR’S REPORT

Investment valuation

Key Audit Matter Description

In the consolidated financial statements as of March 31, 2021, the Company recorded “Investment securities” of ¥246,518 million (\$2,226,506 thousand) and “Investments in and advances to unconsolidated subsidiaries and associated companies” of ¥550,897 million (\$4,975,587 thousand).

In particular, ¥208,216 million (\$1,880,566 thousand) or 21 cases of these investments were attributed to the investment in power generation and power transmission and distribution pertaining to the International Business and Cooperation division, which included projects that are under operation, under construction and in the development stage. Some of the investments were acquired at a considerably higher value than the net assets per share because the Company expected future excess profit potential.

Since such investments vary based on the countries and operations of the projects and are greatly affected by the regulatory environment in each country and the external environment, such as the electric power market, there are risks that the funding environment may fluctuate sharply due to changes in the business environment, and the income and expenditures may deteriorate sharply due to the decrease in the electricity sales volume and decrease in unit sales prices. In addition, there is a risk that the projects become unprofitable because of cost overruns due to delays in construction work and other factors.

The valuation of these investments is determined using net assets or future cash flows based on the related business plans. The trends in the electricity market in each country and the evaluation of risks arising from business operations, which are assumptions that impact the valuation, are matters that involve significant judgments by management. Since a high degree of judgment is required to evaluate these accounting estimates, we identified the valuation of investments as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to investment valuation for the International Business and Cooperation division included the following, among others:

- We tested the validity of the valuation methodology applied for each investment.
- For the significant new investments, we understood the business environment, including the background of the investments, business schemes, and regulatory environments in each country and assessed risks by inquiring executives of the International Business and Cooperation division and inspecting the minutes of the Board of Directors meetings and executive officers’ meetings including related materials. Based on the risk assessment results, especially for the investments whose acquisition prices significantly exceeded the book values of the net assets acquired, we assessed the validity of the acquisition price by comparing it to the valuation calculated using future cash flows based on the related business plans.
- For significant investments, we tested the valuation of the investment by performing the following procedures which varied based on the results of the individual risk assessment:
  - For the projects under operation we evaluated if there were environmental changes such as the decrease in the electricity sales volumes and the decline of the electricity unit price by inspecting the investee’s financial statements and inquiring executives of the International Business and Cooperation division. In addition, for the projects which were acquired at a significantly higher price than the value of the net assets acquired due to future profit potential, we tested the changes of the business plan from the initial business plan by comparing cash flows based on business plan at the time of the investment and the actual results of the cash flows in order to evaluate the excess earning power that was expected.
  - For projects before the start of operations, we tested if some projects became unprofitable because of cost overruns due to the delay in construction work by inquiring executives of the International Business and Cooperation division. In addition, we tested the changes from the initial business plan by comparing cash flows based on the business plan at the time of the investment with the actual results of the cash flows.

Evaluation of the status of improvement of internal controls based on the business improvement plan

Key Audit Matter Description

On March 30, 2020, the Company submitted a business improvement plan based on the following three pillars to the Minister of Economy, Trade and Industry, in response to the order to improve operations based on the Electricity Business Act from the minister in connection with the incident of acceptance of cash and gifts by the Company’s officers/employees:

1. **Drastic Enhancement of a System of Compliance and the Creation of a Compliance-Oriented and Sound Organizational Climate**  
In order to enhance compliance-related supervisory functions the Company will reestablish a system of compliance by creating a compliance committee (the “Compliance Committee”) directly under the Board of Directors. The chairman of the Compliance Committee should be an external individual, and a majority of the members of the Compliance Committee should also be external individuals.
2. **Establishment of a Business Operation System for Ensuring Reasonableness and Transparency in Business Procedures Relating to the Issuance of Work Orders and Execution of Work Contracts**  
The Company will ensure reasonableness and transparency in business procedures relating to issuance of work orders and execution of work contracts by developing clear rules concerning such order issuances and contract executions and by establishing procedures for the examination and review of such transactions after the work order is issued or the work contract is executed by the newly established procurement review committee (the “Procurement Review Committee”) from an external expert’s perspective.
3. **Development of a New Corporate Management Regime**  
The Company will shift to a “Company with Nominating Committees, etc.” with the aim of making a clear separation between execution and supervision and developing an effective governance regime attaching importance to external objective perspectives for the purpose of enhancing the supervisory functions of the Board of Directors.

The business improvement plan includes improving entity-level internal controls over financial reporting. In general, since entity-level internal controls are the foundation of internal control over business processes, the risk of material misstatements increase under circumstances where the controls are not sufficient.

Specifically, if the internal controls to secure the appropriateness and effectiveness over the process related to the issuance of construction orders and execution are not designed and operated effectively, the risk of material misstatement in construction transactions increases.

Accordingly, we judged that it was a key audit matter because it was particularly necessary to carefully evaluate the status of improvement of entity-level internal controls based on the business improvement plan and its impact on business process controls pertaining to construction orders and contracts.

INDEPENDENT AUDITOR'S REPORT

How the Key Audit Matter Was Addressed in the Audit

In order to evaluate the status of improvement of the entity-level internal controls based on the business improvement plan and its impact on business process controls pertaining to construction orders and contracts, we performed the following procedures, among others:

- We evaluated the contents and status of implementation of the business improvement plan by inspecting the minutes of the Board of Directors’ and executive officers’ meetings and the documents which reported the status of implementation of the business improvement plan and discussing with the Company’s president and executive officer in charge of the Compliance Promotion division.
- We discussed the status with the chairman of the Board of Directors, the Company’s audit committee (the “Audit Committee”), and the Internal Audit department for the purpose of evaluating the effectiveness of the business improvement plan.
- In evaluating entity-level internal control, we tested whether the internal controls, that were implemented or improved based on the business improvement plan, were designed and operated effectively by inquiring the relevant divisions and inspecting the relevant documents as follows:
  1. We inquired the members of the Compliance Committee and the Compliance Promotion division and inspected various corporate regulations related to compliance and the minutes of the Compliance Committee meetings in order to evaluate the compliance system established and evaluate that efforts to foster a compliance-oriented organizational culture have progressed.
  2. We inquired the members of the Procurement Review Committee and inspected various corporate regulations pertaining to procurement examinations and minutes of the Procurement Review Committee meetings for the purpose of evaluating that the controls pertaining to orders and contracts for construction operated effectively. In addition, we tested the status of the examination by the Procurement Review Committee on a sample basis for the purpose of evaluating the reliability of the procurement examination.
  3. We inquired the office of the Board of Directors and the Audit Committee and inspected various corporate regulations pertaining to each committee and the minutes of each committee meeting for the purpose of evaluating that the new business corporate management regime was operated effectively.
- In evaluating the business process relating to issuance of work orders and execution of work contracts, we evaluated the effectiveness of design and operation over the controls pertaining to orders and contracts for construction operated by the Purchase department, which was independent from departments responsible for the construction, by inquiring the Purchase department and inspecting documents pertaining to contracts.
- In regard to the new facts related to the acceptance of cash and gifts, we tested the impact on the consolidated financial statements and business improvement plans by inquiring the members of the Compliance Committee and the Compliance Promotion division and inspecting the investigation reports.

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 it 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 Officers and 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 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 judgment. 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.



INDEPENDENT AUDITOR'S REPORT

- 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.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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, 2021

**The Kansai Electric Power Company,  
Incorporated**

Unaudited Non-Consolidated Financial Statements  
for the Year Ended March 31, 2021

Non-Consolidated Balance Sheet

The Kansai Electric Power Company, Incorporated   March 31, 2021

ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
<b>PROPERTY:</b>			
Plant and equipment .....	<b>¥ 7,078,919</b>	¥ 14,912,470	<b>\$ 63,935,323</b>
Construction in progress .....	<b>528,767</b>	743,620	<b>4,775,714</b>
Contributions in aid of construction .....	<b>(101,775)</b>	(473,575)	<b>(919,217)</b>
Accumulated depreciation and amortization .....	<b>(5,481,499)</b>	(11,175,140)	<b>(49,507,762)</b>
Plant and equipment – net .....	<b>2,024,410</b>	4,007,375	<b>18,284,058</b>
Nuclear fuel, net of amortization .....	<b>528,442</b>	509,313	<b>4,772,778</b>
Property – net .....	<b>2,552,852</b>	4,516,688	<b>23,056,836</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities .....	<b>1,141,910</b>	107,615	<b>10,313,494</b>
Investments in and advances to subsidiaries and associated companies .....	<b>2,921,875</b>	975,002	<b>26,389,769</b>
Long-term loans receivable .....	<b>196</b>	240	<b>1,775</b>
Special account related to nuclear power decommissioning .....	<b>59,074</b>	65,038	<b>533,548</b>
Special account related to reprocessing of spent nuclear fuel .....	<b>119,057</b>	87,960	<b>1,075,298</b>
Deferred tax assets .....	<b>251,766</b>	286,216	<b>2,273,906</b>
Other assets .....	<b>(838,966)</b>	138,655	<b>(7,577,370)</b>
Total investments and other assets .....	<b>3,654,913</b>	1,660,729	<b>33,010,421</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents .....	<b>216,763</b>	213,309	<b>1,957,760</b>
Accounts receivable .....	<b>218,059</b>	229,361	<b>1,969,465</b>
Allowance for doubtful accounts .....	<b>(14,175)</b>	(1,675)	<b>(128,026)</b>
Inventories .....	<b>45,730</b>	70,895	<b>413,026</b>
Other current assets .....	<b>184,261</b>	58,549	<b>1,664,215</b>
Total current assets .....	<b>650,639</b>	570,441	<b>5,876,441</b>
<b>TOTAL .....</b>	<b>¥ 6,858,406</b>	¥ 6,747,858	<b>\$ 61,943,699</b>

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥110.72= U.S. \$1, the approximate rate of exchange at March 31, 2021.

LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt, less current maturities .....	<b>¥ 3,306,521</b>	¥ 2,956,449	<b>\$ 29,863,818</b>
Liability for retirement benefits .....	<b>184,999</b>	334,372	<b>1,670,874</b>
Asset retirement obligations .....	<b>506,822</b>	498,361	<b>4,577,518</b>
Other long-term liabilities .....	<b>211,247</b>	249,648	<b>1,907,947</b>
Total long-term liabilities .....	<b>4,209,591</b>	4,038,832	<b>38,020,158</b>
<b>CURRENT LIABILITIES:</b>			
Current maturities of long-term debt .....	<b>534,487</b>	501,400	<b>4,827,381</b>
Short-term borrowings .....	<b>130,000</b>	130,000	<b>1,174,132</b>
Commercial paper .....	<b>300,000</b>	296,000	<b>2,709,537</b>
Accounts payable .....	<b>138,152</b>	117,438	<b>1,247,764</b>
Payable to subsidiaries and associated companies .....	<b>260,237</b>	249,759	<b>2,350,414</b>
Provision for loss on guarantees .....	<b>1,738</b>	14,876	<b>15,700</b>
Accrued expenses and other current liabilities .....	<b>240,711</b>	370,925	<b>2,174,060</b>
Total current liabilities .....	<b>1,605,328</b>	1,680,400	<b>14,498,991</b>
<b>RESERVE FOR FLUCTUATIONS IN WATER LEVEL .....</b>	<b>25,985</b>	27,431	<b>234,693</b>
<b>EQUITY:</b>			
Common stock-authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2021, and 2020 .....	<b>489,320</b>	489,320	<b>4,419,442</b>
Capital surplus Additional paid-in capital .....	<b>67,031</b>	67,031	<b>605,412</b>
Retained earnings: Legal reserve .....	<b>49,665</b>	45,197	<b>448,570</b>
Unappropriated .....	<b>445,047</b>	454,691	<b>4,019,572</b>
Unrealized gain on available-for-sale securities .....	<b>62,882</b>	41,738	<b>567,946</b>
Deferred loss on derivatives under hedge accounting .....	<b>273</b>	(75)	<b>2,473</b>
Treasury stock – at cost 45,314,253 shares in 2021, and 45,296,320 shares in 2020 .....	<b>(96,720)</b>	(96,711)	<b>(873,561)</b>
Total equity .....	<b>1,017,500</b>	1,001,193	<b>9,189,855</b>
<b>TOTAL .....</b>	<b>¥ 6,858,406</b>	¥ 6,747,858	<b>\$ 61,943,699</b>

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥110.72= U.S. \$1, the approximate rate of exchange at March 31, 2021.

Non-Consolidated Statements of Income

The Kansai Electric Power Company, Incorporated Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
<b>OPERATING REVENUES:</b>			
Electricity operating revenues:			
Residential .....	¥ 760,180	¥ 816,921	\$ 6,865,789
Commercial and industrial .....	1,066,983	1,272,471	9,636,771
Other .....	375,641	438,758	3,392,716
Sub-total .....	2,202,805	2,528,151	19,895,277
Incidental operating revenues .....	129,803	130,684	1,172,356
Total .....	2,332,608	2,658,836	21,067,634
<b>OPERATING EXPENSES:</b>			
Electricity operating expenses:			
Personnel expenses .....	103,847	207,442	937,929
Fuel costs .....	393,432	456,934	3,553,400
Cost of purchased power .....	381,154	454,027	3,442,507
Maintenance costs .....	104,373	194,224	942,683
Depreciation .....	92,748	187,676	837,688
Taxes .....	40,383	134,819	364,733
Other .....	1,097,347	768,522	9,911,017
Sub-total .....	2,213,288	2,403,647	19,989,961
Incidental operating expenses .....	125,088	129,519	1,129,776
Total .....	2,338,377	2,533,167	21,119,737
<b>OPERATING INCOME (LOSS) .....</b>	<b>(5,768)</b>	125,669	<b>(52,103)</b>
<b>OTHER (INCOME) EXPENSES:</b>			
Interest and dividends income .....	(57,122)	(13,942)	(515,915)
Interest expense .....	20,870	22,805	188,495
Other – net .....	(5,634)	(8,204)	(50,888)
Total .....	(41,886)	658	(378,309)
<b>EXTRAORDINARY EXPENSES:</b>			
Provision for loss on guarantees .....	–	14,876	–
Total extraordinary expenses .....	–	14,876	–
<b>IINCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES .....</b>			
<b>36,117</b>	125,010	<b>326,205</b>	
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL .....			
<b>(1,446)</b>	(957)	<b>(13,065)</b>	
INCOME BEFORE INCOME TAXES .....			
<b>37,564</b>	111,091	<b>339,271</b>	
<b>INCOME TAXES:</b>			
Current .....	(28,048)	4,507	(253,327)
Deferred .....	26,109	27,483	235,814
Total .....	(1,939)	31,990	(17,512)
<b>NET INCOME .....</b>	<b>¥ 39,503</b>	¥ 79,100	<b>\$ 356,784</b>

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥110.72= U.S. \$1, the approximate rate of exchange at March 31, 2021.

Non-Consolidated Statements of Changes in Equity

The Kansai Electric Power Company, Incorporated Year Ended March 31, 2021

	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, 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)				
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
Cash dividends .....					4,467	(49,146)				(44,678)
Net income .....						39,503				39,503
Purchase of treasury stock .....							(12)			(12)
Disposal of treasury stock .....				(1)			3			1
Transfer to capital surplus										
from retained earnings .....				1		(1)				
Net change in the year .....								21,144	349	21,493
<b>BALANCE, MARCH 31, 2021</b> .....	938,733,028	¥ 489,320	¥ 67,031		¥ 46,665	¥ 445,047	¥ (96,720)	¥ 62,882	¥ 273	¥ 1,017,500
	Thousands of U.S. Dollars									
	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, MARCH 31, 2020</b> .....	\$ 4,419,442	\$ 605,412		\$ 408,217	\$ 4,106,680	\$ (873,475)	\$ 376,971	\$ (679)	\$ 9,042,569	
Cash dividends .....				40,352	(443,878)				(403,525)	
Net income .....					356,784				356,784	
Purchase of treasury stock .....						(113)			(113)	
Disposal of treasury stock .....			(13)			27			13	
Transfer to capital surplus										
from retained earnings .....			13		(13)					
Net change in the year .....							190,974	3,153	194,127	
<b>BALANCE, MARCH 31, 2021</b> .....	\$ 4,419,442	\$ 605,412		\$ 448,570	\$ 4,019,572	\$ (873,561)	\$ 567,946	\$ 2,473	\$ 9,189,855	

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥110.72= U.S. \$1, the approximate rate of exchange at March 31, 2021.



Five-Year Summary of Selected Operational Data

The Kansai Electric Power Company, Incorporated and Its Subsidiaries March 31, 2021

	Non-Consolidated Basis					Consolidated Basis				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Operating Revenues (Billions of Yen) .....	2,614.4	2,683.9	2,797.1	2,658.8	2,332.6	3,011.3	3,133.6	3,307.6	3,184.2	3,092.3
Operating Income (Billions of Yen) .....	164.5	165.4	133.9	125.6	(5.7)	217.7	227.5	204.8	206.9	145.7
Ordinary Income (Billions of Yen) .....	143.7	145.5	130.5	125.0	36.1	196.1	217.1	203.6	211.5	1,53.8
Net Income (Billions of Yen) .....	103.0	103.0	87.4	79.1	39.5	140.7	151.8	115.0	130.0	1,08.9
Total Ordinary Revenues (Billions of Yen) .....	2,653.4	2,704.9	2,823.7	2,686.9	2,400.9					
Residential .....	999.8	995.9	899.5	816.9	760.1					
Commercial and Industrial .....	1,296.8	1,240.6	1,312.7	1,272.4	1,066.9					
Total .....	2,296.6	2,236.6	2,212.2	2,089.3	1,827.1					
Other .....	356.7	468.3	611.5	597.6	573.7					
Total Ordinary Expenses (Billions of Yen) .....	2,509.6	2,559.4	2,693.2	2,561.9	2,364.7					
Personnel Expenses .....	204.6	217.2	216.5	207.4	103.8					
Fuel Costs .....	523.5	520.1	538.2	456.9	393.4					
Backend Expenses of Nuclear Power .....	32.2	59.9	89.8	83.5	43.7					
Maintenance Costs .....	189.5	184.1	177.0	194.2	104.3					
Taxes Other Than Income Taxes .....	148.4	144.7	144.4	139.2	44.8					
Depreciation .....	277.4	250.7	244.4	187.6	92.7					
Cost of Purchased Power .....	461.6	466.7	516.8	454.1	389.7					
Interest Expense .....	42.9	33.3	26.5	22.8	20.8					
Other .....	629.1	682.4	739.2	815.9	1,171.2					
Return on Equity (ROE) (%) .....	12.9	11.5	9.2	8.0	3.9	11.3	10.9	7.8	8.3	6.6
Return on Assets (ROA) (%) .....	3.0	3.0	2.5	2.2	0.8	3.4	3.7	3.3	3.2	2.2
Net Income per Share (Yen) .....	115.32	115.30	97.85	88.53	44.22	157.58	170.01	128.83	145.55	122.02
Cash Dividends per Share (Yen) .....	25.00	35.00	50.00	50.00	50.00					
Capital Investments (Billions of Yen) .....	232.4	295.4	369.3	447.2	410.6	344.0	407.0	485.2	561.9	655.8
Total Assets (Billions of Yen) .....	5,834.9	5,946.1	6,404.5	6,747.8	6,858.4	6,853.1	6,985.0	7,257.3	7,612.7	8,075.7
Net Assets (Billions of Yen) .....	858.4	933.9	975.0	1,001.1	1,017.5	1,344.6	1,472.7	1,532.9	1,641.7	1,725.5
Equity Ratio (%) .....	14.7	15.7	15.2	14.8	14.8	19.3	20.8	20.9	21.0	20.9
Interest-bearing Debt (Billions of Yen) .....	3,401.0	3,359.9	3,582.1	3,870.1	4,268.9	3,821.5	3,708.2	3,853.4	4,096.6	4,471.6
Net Assets per Share (Yen) .....	960.60	1,045.09	1,091.38	1,120.61	1,138.88	1,480.46	1,627.66	1,695.36	1,792.31	1,886.12
Free Cash Flows (Billions of Yen) .....						139.9	176.0	(88.1)	(113.9)	(291.5)
Operating Cash Flows (Billions of Yen) .....						485.6	623.2	449.7	463.4	369.2
Operating Revenues from Group Businesses (external sales) (Billions of Yen) .....						455.1	537.5	639.3	678.8	733.6
Ordinary Income from Group Businesses (Billions of Yen) ..						61.0	75.7	88.6	87.6	124.2
Number of Employees .....	19,533	19,243	18,884	18,141	8,770	32,666	32,527	32,597	31,850	31,933

\* Figures for FY 2020 present those after the spin-off of the transmission and distribution business.

	Non-Consolidated Basis				
	2017	2018	2019	2020	2021
Electricity Sales Volume (Million kWh)					
Residential .....	43,689	41,767	37,671	34,832	34,014
Commercial and Industrial .....	77,811	73,477	80,155	78,159	68,317
Total .....	121,500	115,244	117,826	112,992	102,331
Electricity Generation Capacity (MW)					
Thermal .....	19,408	19,430	19,441	15,766	14,566
Hydropower .....	8,226	8,226	8,228	8,234	8,235
Nuclear .....	8,928	6,578	6,578	6,578	6,578
Renewable Energies .....	11	11	11	11	11
Total .....	36,573	34,245	34,259	30,590	29,390
Power Sources (%)					
Nuclear .....	0	10	22	21	12
Thermal .....	84	70	56	54	57
Hydropower .....	11	12	11	12	11
Renewable Energies .....	4	4	4	4	4
Other .....	1	4	7	9	15
Total .....	100	100	100	100	100
CO2 emissions of the Group's domestic power generation business (Million t-CO2) .....	40.4	34.2	30.4	28.5	30.4
CO2 emission factor of the Group's domestic power generation business (Kg-CO2/kWh) .....	0.424	0.357	0.287	0.287	0.334
Nuclear Capacity Factor (%) .....	0.0	18.0*	54.6	48.4	28.0
Thermal Efficiency of Thermal Power Plants (Lower heating value) (%) .....	47.6	48.3	49.0	48.6	47.8
System Peak Demand in Kansai Area (MW) .....	26,569	26,376	28,650	28,162	29,103
FTTH services (Thousand Lines) .....	1,625	1,630	1,642	1,650	1,678
Gas Sales Volumes (LNG conversion [gas and LNG total]) (Thousand Tonnes) .....	710	970	1,210	1,390	1,570

\* 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, 2021

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:	307,271
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:	¥3,092.3 billion (consolidated), ¥2,332.6 billion (non-consolidated)		6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502, Japan
Total assets:	¥8,075.7 billion (consolidated), ¥6,858.4 billion (non-consolidated)		
Number of employees*:	8,770 (31,933 as the whole Group)		
Electricity sales:	102.3 billion kWh		
Main business:	Electric power, gas supply, heat supply, telecommunications, etc.		
* Number of working employees excluding employees on loan and on leave of absence.			

Major shareholders

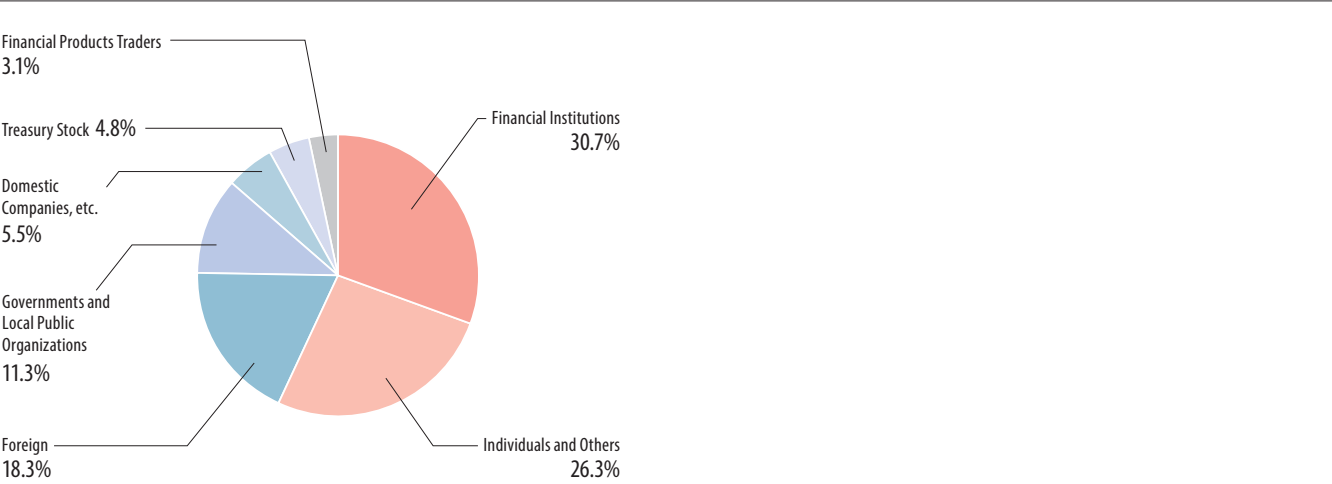
As of March 31, 2021

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)	7.21	64,420
Custody Bank of Japan, Ltd. (Trust Account)	4.08	36,497
Nippon Life Insurance Company	3.07	27,462
Kobe City	3.06	27,351
Kansai Electric Power Employee Stockholder Program	2.28	20,395
Mizuho Bank, Ltd.	1.94	17,378
Osaka Metro Co., Ltd.	1.73	15,461
Custody Bank of Japan, Ltd. (Trust Account 5)	1.30	11,629
STATE STREET BANK WEST CLIENT—TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1.21	10,786

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, 2021



Group Companies (Consolidated subsidiaries and affiliates accounted for by the equity method)

(As of July 31, 2021)

● Consolidated subsidiaries 89 companies

Energy business 45 companies	Information and telecommunications 8 companies
Kanden Energy Solution Co., Inc. SAKAI LNG 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 TECHNOS CO., LTD. KANDEN GAS SUPPORT 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 15 other companies in addition to the above listed	OPTAGE Inc. Kanden Systems Inc. K4 Digital Co., Inc. 5 other companies in addition to the above listed
Life / Business solution business 33 companies	
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 19 other companies in addition to the above listed	
● Affiliates accounted for by the equity method 8 companies	
Energy business	
JAPAN NUCLEAR FUEL LIMITED KINDEN CORPORATION ENEGATE Co., Ltd. San Roque Power Corporation 4 other companies in addition to the above listed	
Transmission and distribution business 3 companies	
Kansai Transmission and Distribution, Inc. Kanden Engineering Corp. The Kanden Services Co., Inc.	

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