

Kansai Electric Power Group Integrated Report 2023

INTEGRATED REPORT 2023



CONTENTS

Kansai Electric Power Group Overview	1	Medium-term Management Plan	23	Information and Telecommunications Business	88
Contents, Editorial Policies	1	Message from the Executive in Charge of Accounting and Finance	30	Life / Business Solution Business	90
Kansai Electric Power Group Purpose & Values	2	Materiality for the Kansai Electric Power Group (Important issues)	31	Foundation to Support Value Creation	92
[Special Feature 1]		[Special Feature 3]		Message from the Chairman of the Board	92
Apologies for Scandals and Overview of Business Improvement Plan	4	Establishment of Innovation Development Division Shaping the Vital Platform for the Future	35	Messages from the Outside Directors	94
Message from the President	7	Addressing Climate Change / TCFD	41	Directors	96
The Business of Kansai Electric Power in Figures	11	Commitment to Solutions	50	Executive Officers	100
Financial and Nonfinancial Highlights	13	Promoting Innovation	56	Corporate Governance Systems	101
Value Creation Story	15	DX Strategy	58	Compliance	112
History of Value Creation	15	Promoting Value Analysis (VA)	61	Risk Management	117
[Special Feature 2] Bolstering Our Strengths	17	Human Capital Strategy	62	Respect for Human Rights	122
Value Creation Process for the Kansai Electric Power Group	21	Business Overview	73	Financial and Corporate Information	124
Medium-term Management Plan	23	Energy Business	73	Financial Statements	124
		Transmission and Distribution Business	83	Corporate Information	126

Editorial Policies

In March 2021, the Group formulated the Kansai Electric Power Group Purpose & Values and the Kansai Electric Power Group Medium-term Management Plan (2021–2025). Following this, we set up the Zero Carbon Vision 2050 in order to more voluntarily and proactively respond to global warming issues, and in March 2022 formulated the Zero Carbon Roadmap that lays out a path toward realization of this vision.

This report has been edited to systematically disclose our specific efforts based on the above philosophy, plan, and vision, with the aim of conveying the Group's value creation story regarding achievement of sustainable growth.

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

Reference guidelines, etc.

- GRI: 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
- Ministry of Economy, Trade and Industry: Guide for SDGs Business Management

Place of publication

Sustainability and Quality Promotion Group, Office of Corporate Planning,
The Kansai Electric Power Co., Inc.
3-6-16 Nakanoshima, Kita-ku, Osaka 530-8270, Japan

Report publication date

Published September 2023 / FY 2024: To be published in autumn of 2024

Scope of report

Period covered: April 1, 2022 to March 31, 2023 (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.

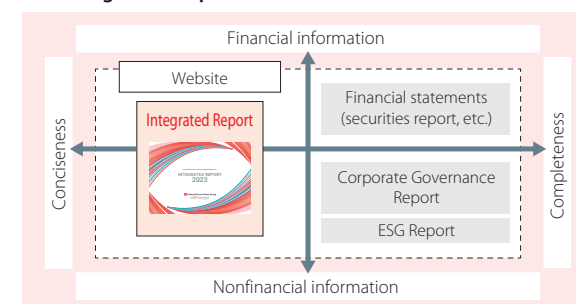
"The Company" refers to the Kansai Electric Power Co., Inc.; the names of the various group companies are clearly stated in the relevant text. Unless otherwise specified, initiatives taken by the Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc. are provided.

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

大切にする価値観 Values

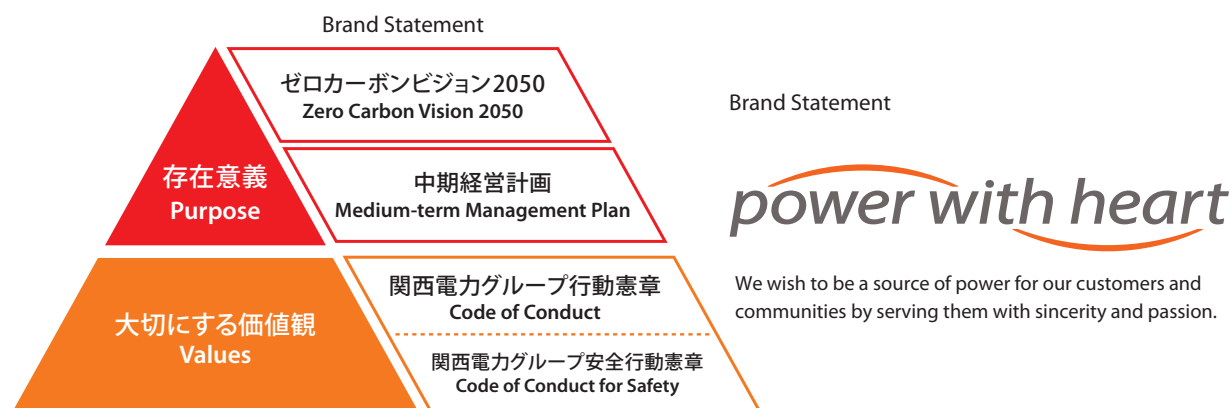
公正 × **誠実** × **共感** × **挑戦**
Fairness × Integrity × Inclusion × Innovation

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」を大切にしています

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

Philosophy system

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.



Activities to implement the management philosophy

We have established an activity plan to spread awareness of the management philosophy among all employees and to incorporate it into practice of daily tasks. Based on this plan, we are working on activities that include opinion exchanges between management and employees, varied types of training, workplace-specific discussions, distribution of e-mail newsletters, and support activities for group companies.

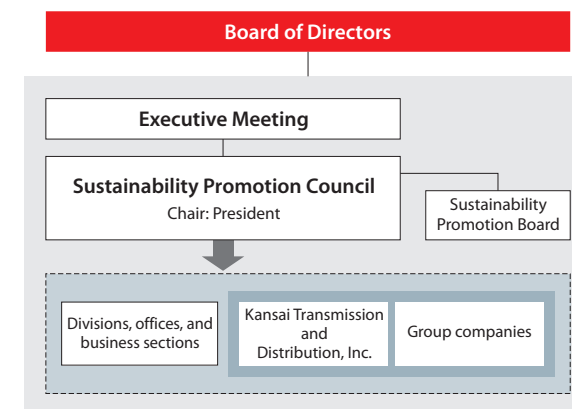
One aspect of the activities is the Conduct Cards, which list the Management Philosophy, Compliance Checklist, and Safe Action Declaration, that we distribute to all employees to carry. The backs of the cards display each employee's personal conduct vows, and employees use these cards to check their conduct and goals in their own work. In fiscal 2022, looking back on the time when our management philosophy (Purpose & Values) was formulated, we added videos introducing the background and thoughts behind it. We also included explanatory materials on how it was written in English, and discussion tools for "Innovation" among other "Values." All of this was undertaken in the interest of making our management philosophy easier to understand and put into practice.

Sustainability promotion system

As a corporate group that aims to be of benefit to our customers and communities, we promote sustainability-focused initiatives to achieve growth and development for ourselves, but also to resolve global societal issues and so contribute to making society more sustainable. To further advance these initiatives, we have established the Sustainability Promotion Council, which is chaired by the President. In addition to formulating a series of comprehensive measures for the entire Group, the Sustainability Promotion Council establishes extensive initiatives that allow the Group to contribute to the sustainable development of society and deploys a range of concrete activities.

Issues of a specialized nature are sent to committees such as the Sustainability Promotion Board for deliberation. The policies formulated by the Sustainability Promotion Council are communicated to each operating division and business location, which then develop their own activities accordingly.

Each group company also develops its own sustainability promotion activities independently, while staying in communication with the Kansai Electric Power Company.



Special
Feature

1

Overview of business improvement plan and apology for inappropriate handling of the customer information of power producers and suppliers

Message

An apology for the improper handling of the customer information of power producers and suppliers and measures to prevent any recurrences

We will do everything to reform ourselves into a corporate group that is truly committed to compliance.

To our valued stakeholders

Since the incident of receipt of cash and gifts, we have worked on various measures including governance reforms under a new business management system that incorporates objective and external perspectives. However, a series of incidents have occurred recently within the Group, including the inappropriate handling of power producer and supplier customer information and violations of the Anti-Monopoly Act, causing great concern to our customers and society at large, for which we again offer our sincerest apologies.

To ensure that this kind of incident will never happen again, we have formulated a business improvement plan and we are determined to carry it through. We will fundamentally strengthen internal controls for the entire Group through establishing a framework and rules for compliance with laws and regulations, boosting training and education, and setting up a new Compliance Promotion Headquarters that will be responsible for ensuring compliance, risk management, and other functions. In addition, we have established a new Organizational Climate Reform Committee, which I chair. This committee will create an organizational climate that encourages everyone in the Group to openly discuss their own thoughts and observations so that we can all put compliance into practice.

Our business is based on the trust that customers and society have placed in us. We will do everything possible to reform ourselves into a genuinely compliance-oriented corporate group, so that we can earn back your trust. We ask for your continued understanding and cooperation going forward.

Nozomu Mori

Director, Representative Executive Officer, President



Special
Feature

1

Overview of the Business Improvement Plan

Background and causes of violation of the Electricity Business Act, etc., due to improper handling of information on customers of power producers and suppliers

Background

- In December 2022, it became clear that some of our employees had browsed and used information on customers of power producers and suppliers other than us (hereinafter, “information on PPS customers”) managed by Kansai Transmission and Distribution, Inc.
- Our questionnaire surveys and interviews found that for the 13 screens and two forms for special-high voltage and high voltage, which were browsable, information on PPS customers was not viewed for the purpose of making proposals to customers. On the other hand, regarding the four low-voltage screens, information on

PPS customers turned out to have been viewed for the purpose of making proposals to customers.

- It was also found that information on PPS customers was included in various data used for preparing electric power transaction reports and sending direct mails regarding the abolishment of posting meter reading slips to the mail boxes of each customer. Subsequently, measures were taken to prevent access to the data, and the information leakage problem was resolved.
- In response to the incident, we received a business improvement order from the Minister of Economy, Trade and Industry pursuant to the Electricity Business Act on April 17, 2023, and formulated and

announced a business improvement plan on May 12, 2023.

Causes

- Inadequate development and operation of the information system and overestimating its reliability
- Inability to adapt to the changing business environment (lack of awareness for achieving fair competition)
- Issues with the organizational culture, etc. (as for practice of compliance, it was not thoroughly implemented in specific operations, customers in our immediate vicinity were prioritized, etc.)

Background and causes of violation of the Anti-Monopoly Act in special-high voltage and high voltage electric power transactions

Background

- The Company was acknowledged as follows by the Fair Trade Commission on March 30, 2023 of being engaged in acts against Article 3 of the Anti-Monopoly Act, which prohibits unreasonable restraint of trade (hereinafter, “the Acts”).
 - ▶ The Company, Chubu Electric Power Co., Inc., and Chubu Electric Power Miraiz Co., Inc. mutually agreed to limit sales activities to acquire large-scale users located in the other party's supply areas from November 2, 2018 to October 28, 2020, at the latest.
 - ▶ The Company and Chugoku Electric Power Co., Inc. (hereinafter, “Chugoku Electric Power”) mutually agreed to restrict sales activities to acquire special-high voltage and high voltage users located in the other party's supply areas, as well as government offices located in the Chugoku Electric Power's supply areas,

from November 8, 2018 to October 28, 2020, at the latest. The Company also restricted itself to bid participation and low-priced bidding in Chugoku Electric Power's supply areas.

- ▶ The Company and Kyushu Electric Power Co., Inc. (hereinafter, “Kyushu Electric Power”) mutually agreed to restrict low-priced bidding in the other party's supply areas from October 12, 2018 to October 28, 2020, at the latest. Kyuden Mirai Energy Co., Inc. was informed of the aforementioned matter by Kyushu Electric Power by October 31, 2018 at the latest, and took part in the aforementioned restriction.
- The Company stopped the violative acts prior to the on-site inspection and filed an application for the Leniency Program with the Japan Fair Trade Commission, which was approved. Accordingly, the Company has not received either a surcharge payment order or a cease-and-desist order.

- In response to the incidents, the Company received a business improvement order from the Minister of Economy, Trade and Industry pursuant to the Electricity Business Act on July 14, 2023, and formulated and announced a business improvement plan on August 10, 2023.

Causes

- Lack of awareness of business rules after policy shift to liberalization of electricity market
- Insufficient awareness of legal compliance
- Lack of knowledge and understanding of Anti-Monopoly Act
- Lack and malfunction of checking functions to acts of senior management

Special
Feature

1

Overview of the Business Improvement Plan

	Business Improvement Plan for violation of the Electricity Business Act, etc., due to improper handling of information on PPS customers (submitted on May 12, 2023)	Business Improvement Plan for violation of the Anti-Monopoly Act in transactions of special-high voltage and high voltage electric power (submitted on August 10, 2023)
Individual preventive measures based on the causes of incidents	<ul style="list-style-type: none"> ● Measures to be taken promptly (Customer Solution Division) <ul style="list-style-type: none"> Overhaul of business operation and information systems Development of compliance training and a system for ongoing training Strengthen dialogues with employees to gather their opinions Strengthen the checking system to ensure the appropriateness of operations Dealing with subcontractors ● Physical separation of information systems relating to wheeling information, etc. 	<ul style="list-style-type: none"> ● Measures to be taken promptly (violation of the Anti-Monopoly Act) <ul style="list-style-type: none"> Development of internal rules, etc., to encourage compliance with the Anti-Monopoly Act Improvement of internal education, training, etc., to promote understanding of the Anti-Monopoly Act and to re-instill compliance awareness Strengthening of the support system to prevent violations of the Anti-Monopoly Act Strengthening of auditing functions
Common recurrence prevention measures based on underlying causes	<ul style="list-style-type: none"> ● Commitment to fair competition by upper level management (The management will ensure an increase in awareness of the paradigm shift in competition policies and declare a clear-cut commitment to breaking away from violations of code of conduct stipulated in the Anti-Monopoly Act and the Electricity Business Act.) ● Strengthening internal controls <ul style="list-style-type: none"> Strengthening carried out through the newly established Compliance Promotion Headquarters (strict observance of laws and regulations, improvement in the effectiveness of internal controls, training enhancement, improvement and enhancement of whistleblowing systems) Strengthening of internal audits (expansion of the scope of workplace communication, implementation of site audits, strengthening of monitoring, improvement and reinforcement of the structure of the Office of Internal Auditing, and improvement of audit quality by making use of outside knowledge) ● Reforms of organizational climate (Establishment of the Organizational Climate Reform Committee chaired by the President to build an organizational culture where all executives and employees can candidly talk about their feelings and awareness across positions and sections, while also overseeing and promoting a series of reforms.) ● Verification of the implementation status and effectiveness of initiatives utilizing external human resources (A series of reforms has been verified by the Board of Directors, Audit Committee, and Compliance Committee; the majority of whose members are from outside the Company.) 	

Message from the President

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

Nozomu Mori

Director, Representative Executive Officer, President

Introduction

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

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

Message from the President

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

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

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

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

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

In financial terms, we have set the following targets:

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

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

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

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

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

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

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

Message from the President

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

Transforming into a service provider: Value Transformation (VX)

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

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

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

Building a robust corporate constitution: Business Transformation (BX)

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

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

Zero Carbon Vision 2050 and Zero Carbon Roadmap

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

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

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

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

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

Message from the President

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

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

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

Management philosophy in practice

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

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

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

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

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

Conclusion

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

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

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

The Business of Kansai Electric Power in Figures

Energy business

Fuel procurement

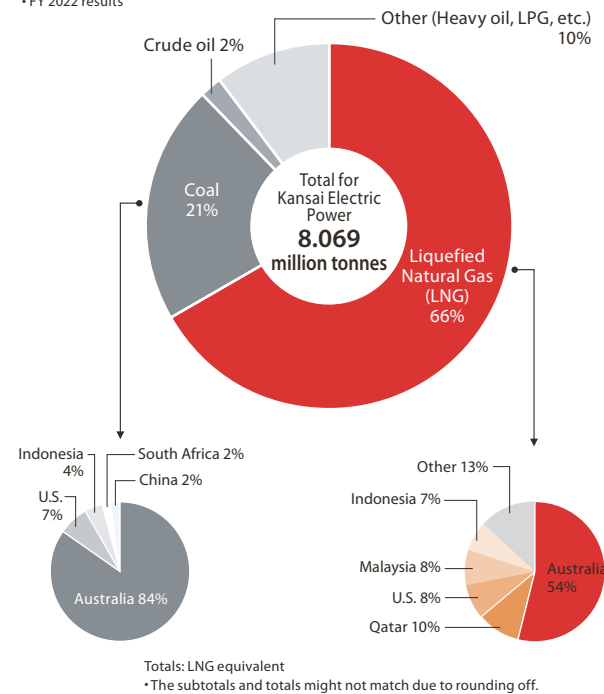
Number of procurement source countries:
• FY 2022 results

16

countries

Purchasing record of fuel for thermal power generation

• FY 2022 results



Sales

Operating revenues:

• FY 2022 results

¥3,158.8 billion

Retail electricity sales volume:

• FY 2022 results

111.6 billion kWh

Gas sales volume:

• FY 2022 results
• LNG equivalent (gas and LNG total)

1.53 million tonnes

Power generation

Power sources:

• FY 2022 results (Value at transmission end)
• Generated by our company

85.4 billion kWh

Capacity of power-generating facilities:

• As of March 31, 2023

28.654 GW

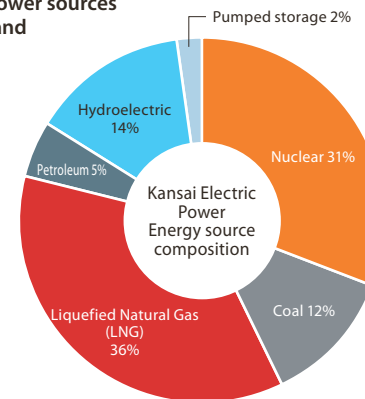
Number of power plants:

• As of March 31, 2023

167 power plants

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

• FY 2022 results



• Power generated by our company facilities
• Figures may not add up due to rounding off.

Capacity of power-generating facilities (breakdown by power source)

• As of March 31, 2023

Thermal power	13.816 GW	(9 power plants)
Hydroelectric power	8.248 GW	(152 power plants)
Nuclear power	6.578 GW	(3 power plants)
Solar power	0.011 GW	(3 power plants)

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

Renewable energy development status

• As of May 31, 2023

Solar	0.190 GW
Onshore and offshore wind	0.061 GW
Hydroelectric power	3.409 GW
Biomass	0.257 GW
Geothermal	46 kW

• Figures are the total for the Company's share (according to the investment ratio) of projects, including those in operation, planning, and withdrawal stages.
• Figures may not add up due to rounding off.

The Business of Kansai Electric Power in Figures

Overseas energy business

Overseas power generation:
• As of June 30, 2023 **22** projects in **11** countries

Capacity of overseas power-generating facilities (Our company's investment ratio):
• As of June 30, 2023 **2.852** GW

Breakdown:
Thermal power: 1.764 GW Renewable energy: 1.088 GW

Group businesses

Number of group companies:
• As of May 31, 2023
• Consolidated subsidiaries and affiliates accounted for by the equity method **99**

External sales in group businesses:
• FY 2022 results **¥713.4** billion

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, 2023

18,781 km

Length of distribution lines (route length):

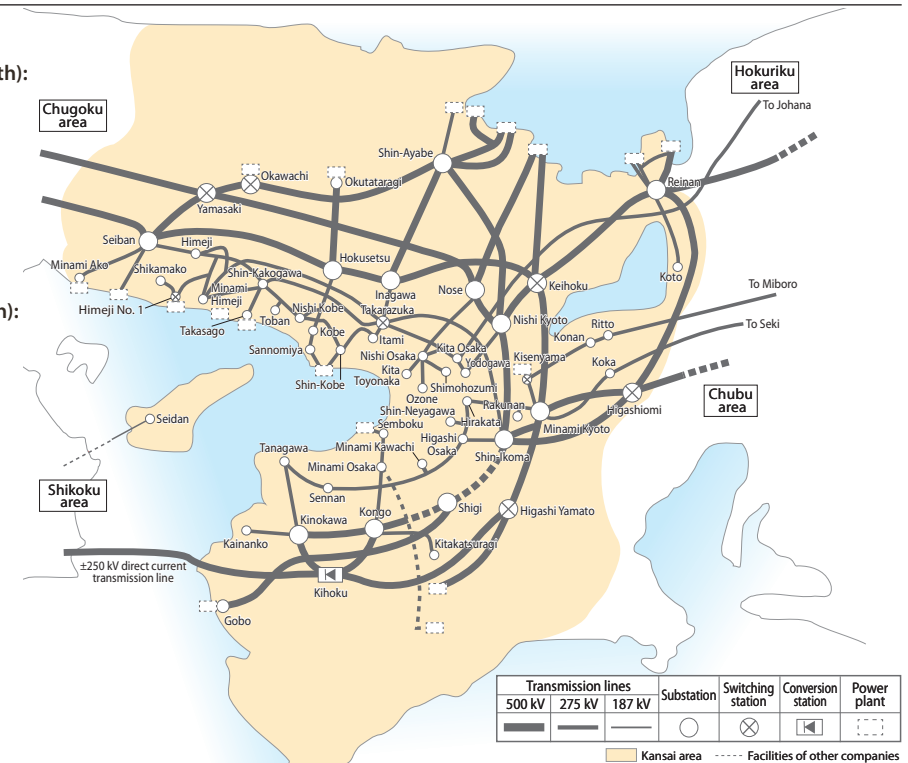
• As of March 31, 2023

133,309 km

Number of substations:

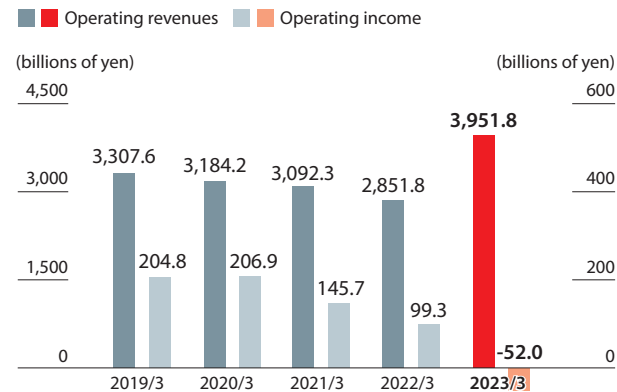
• As of March 31, 2023 • Includes conversion stations

956

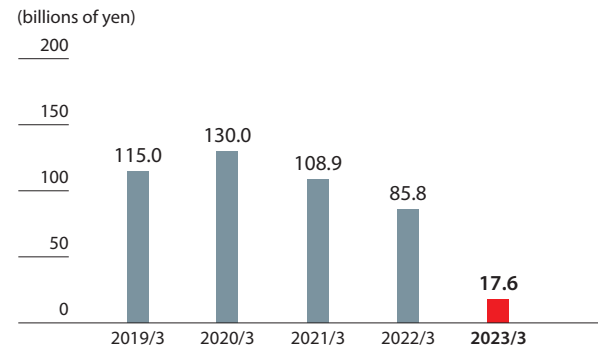


Financial and Nonfinancial Highlights

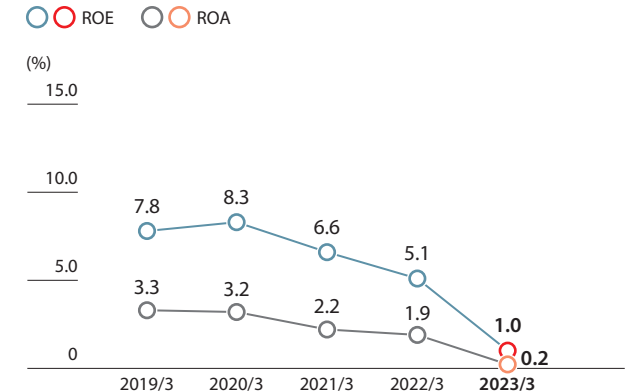
Operating revenues / Operating income



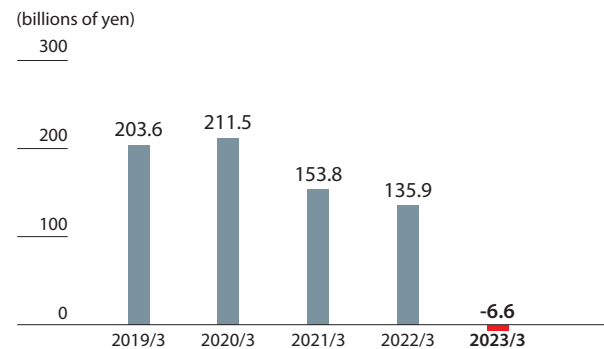
Net income attributable to shareholders of the parent



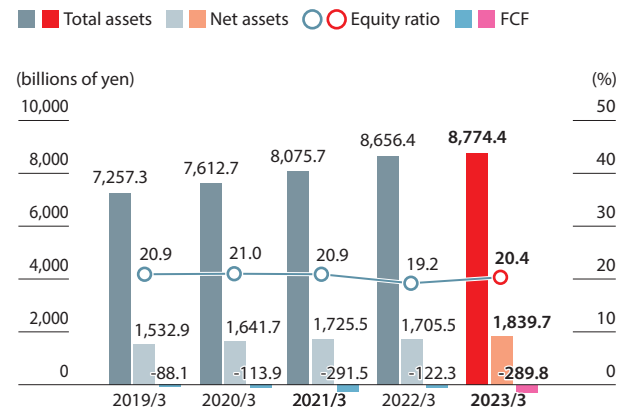
ROE, ROA



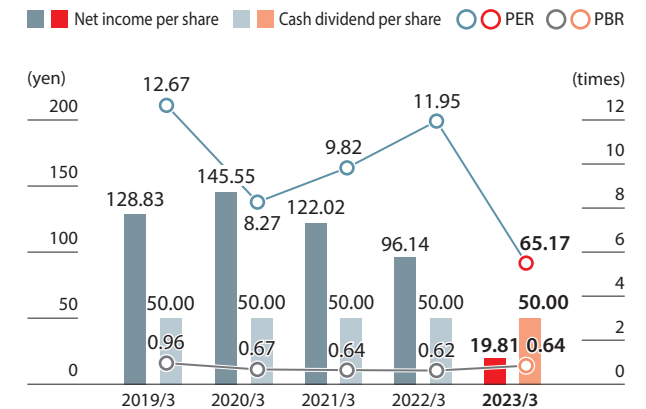
Ordinary income



Total assets, Net assets, Equity ratio

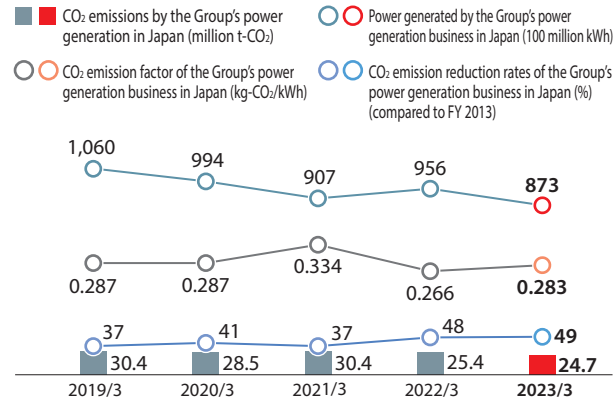


Net income per share / Cash dividend per share



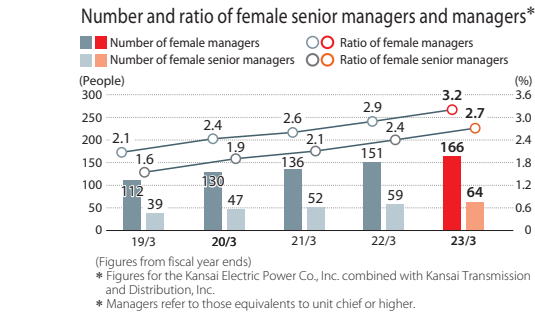
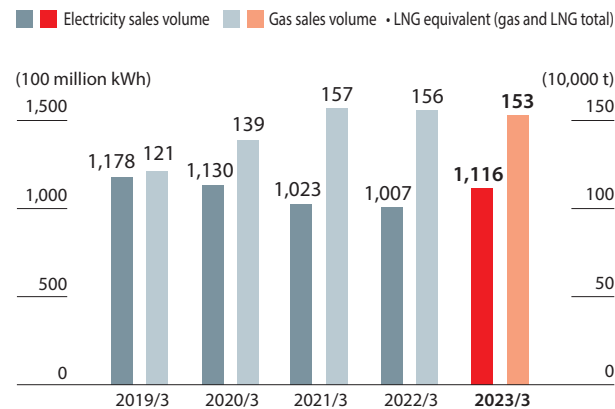
Financial and Nonfinancial Highlights

Group's* CO₂ emissions and CO₂ emission factors associated with power generation in Japan

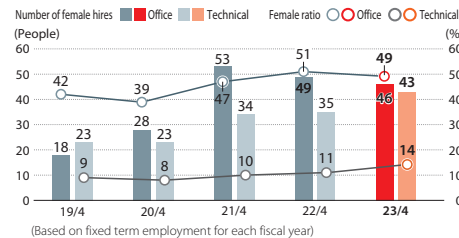


* Figures for the Group's power generation in Japan are multiplied by the Company's stake.
(Fiscal 2022 figures do not include power generation by companies in which the Company has a stake of less than 50%.)

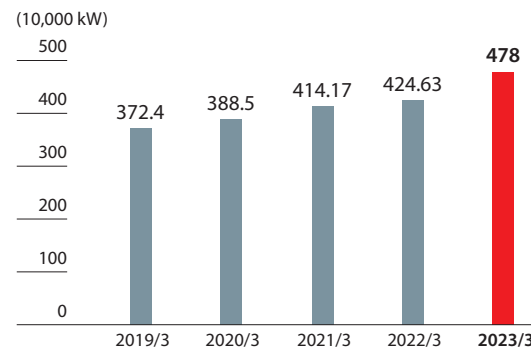
Electricity sales volume / Gas sales volume



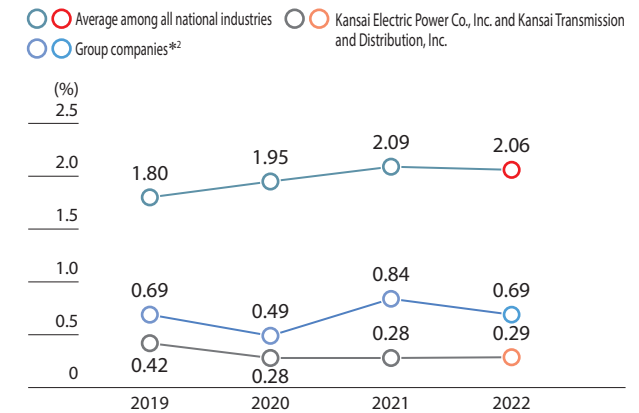
Number and ratio of female hires



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



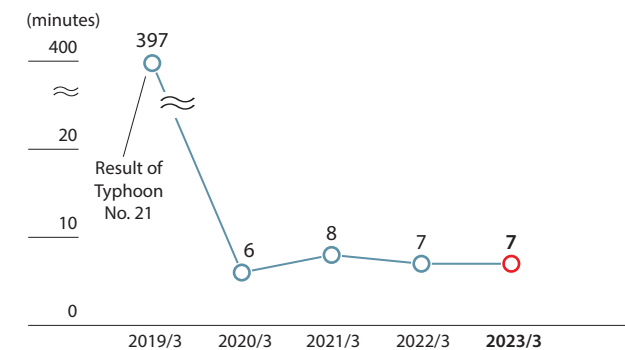
Accident frequency rate*1 trend



*1 The number of casualties with at least one day of absence from work due to occupational accidents per million total working hours, which indicates the frequency of accidents.

*2 Average values of our three representative group companies undertaking major construction projects have been adopted.

Annual duration of power outage per household



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

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

1973/1979

Oil crisis

1985

Liberalization of telecommunications

1990

Bursting of the bubble economy

1995

The Great Hanshin-Awaji Earthquake

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.



1963 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

This Japan's first commercial PWR succeeded in trial electricity transmission to the Expo site.



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

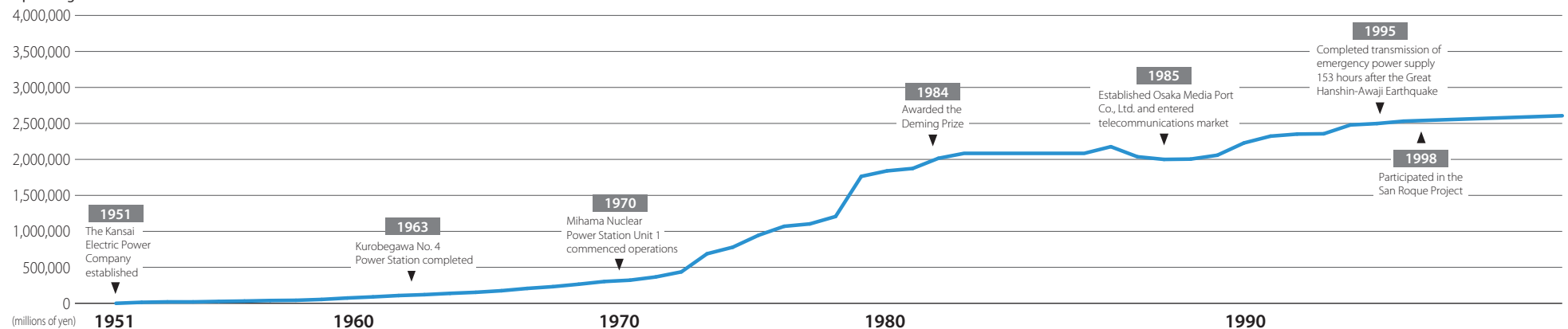
The Company became the first Japanese power company to participate in an overseas power generation business, collaborating on-site with the construction work.



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.

Operating revenues



History of Value Creation

Strengths cultivated by the Kansai Electric Power Group

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 Responding to digitalization

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

2000

2011

2016

2020

The Great East Japan Earthquake

Full liberalization of electricity retail markets

Legal separation of power transmission and distribution business



2000
Entered the gas supply business

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



2001
Launch of eo Optical 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.



2014
Construction at Nam Ngiep began

Construction started at what the Company called the Second Kurayon Dam Project for Laos—the Nam Ngiep Hydropower Project.



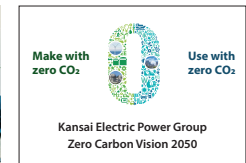
2014
Launch of the mineo mobile phone service

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



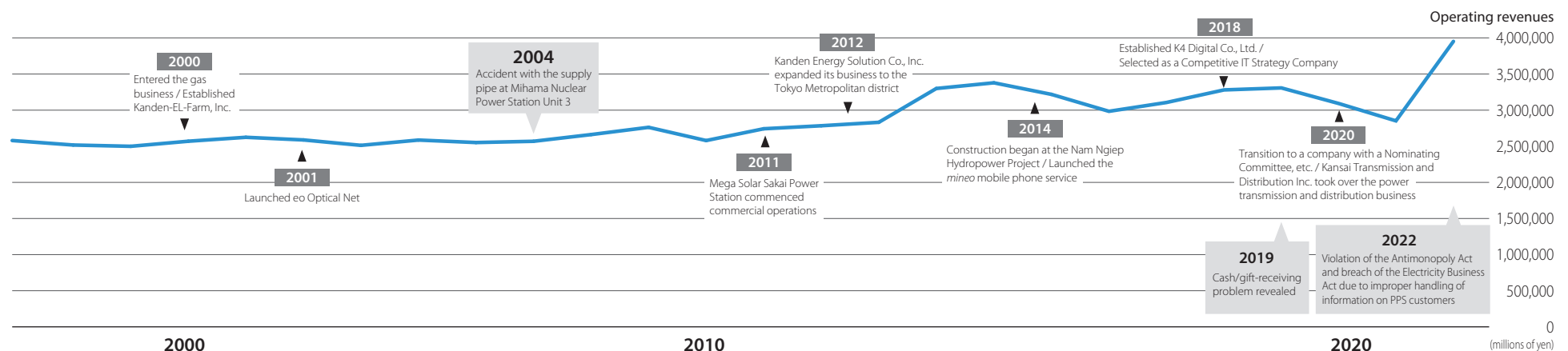
2018
K4 Digital Co., Ltd. established

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



2021
Zero Carbon Vision 2050 formulated

Declared the Group's intent to achieve zero CO₂ emissions in power generation and other business activities by 2050.



Special
Feature

2

Bolstering Our Strengths

The Kansai Electric Power Group, as a lifeline provider, has been creating new values in a variety of areas including the electricity business while taking on new challenges to contribute to the growth of Japanese society by leveraging its “strength,” which originates from over 70 years of operations.

01 Zero-carbon power sources

As a leading company in zero-carbon energy, we have been striving to increase energy independence to secure stable supply of energy with a priority given to safety in an effort to create a sustainable society.

02 Problem-solving power

We have been offering multiple solutions to provide new values, promoting electrification and addressing various challenges and the needs of customers.

03 Comprehensive strengths of our Group

We have been providing solution services by leveraging the collective strengths of our group companies, with particular emphasis on our business domains of energy, transmission and distribution, information and telecommunications, and life/business solutions.

04 Responding to digitalization

We have been pursuing DX, primarily capitalizing on digital technology derived from our electricity business, as DX is a key to achieving the Medium-term Management Plan.

Click below to see our strengths:

https://www.kepc.co.jp/english/corporate/list/report/pdf/ar2022_e_07.pdf

01 Nuclear power's contribution as a zero-carbon power source

The output of Ohi Nuclear Power Station Units 1-4 reached 900 billion kWh on July 1, 2023, for the first time since Unit 1 went into commercial operation back in 1979. This has never been achieved before by a pressurized water reactor (PWR). The cumulative output of Mihama Nuclear Power Station Units 1-3 and that of Takahama Nuclear Power Station Units 1-4 stand at about 359 billion kWh and 778 billion kWh, respectively. With the three power stations combined, it brings total output to about 2,039 billion kWh (as of the end of July 2023). We will continue to promote zero-carbon electricity at home and abroad by operating nuclear power stations in a safe, stable manner.

Further expanding the possibility of nuclear power

The Group's nuclear power initiatives involve “improving the operation of nuclear power plants,” “installation, expansion and replacement,” and “hydrogen production using nuclear power,” all designed to achieve the Zero Carbon Vision 2050, with safety ensured.

• Improving the operation of nuclear power plants

Efforts are underway to operate our nuclear power plants more efficiently to stabilize power supplies and reduce CO₂ emissions.



Bolstering Our Strength

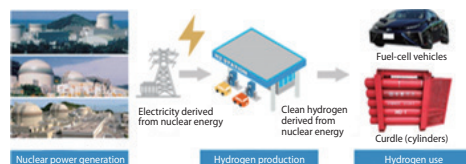
Specifically, we participate in a working group of the Atomic Energy Association (ATENA), engaging in dialogues with the Nuclear Regulation Authority to shift to a flexible operating cycle where the current maximum 13-month cycle is extended to a 15-month cycle. In addition, periodic inspection procedures and periods are compared with those of other nuclear power plants (in Japan and the U.S.) for streamlining processes, with discussions underway to optimize overall operations.

• Installation, expansion and replacement

Discussions with plant manufacturers are underway to design next-generation light-water reactors that outperform existing reactors in safety and cost efficiency to improve Japan's energy security and decarbonization.

• Hydrogen production using nuclear energy

We will extract the full potential of nuclear energy, which constantly produces a massive amount of zero-carbon electricity to use the electricity and heat it produces for hydrogen production in the future.



Example of recent activity



Clean hydrogen production is being demonstrated in Tsuruga City, using electricity derived from nuclear energy that emits no CO₂ for the first time in Japan.

production facility in the Gladstone Region. This project is the first of its kind, where the Company's hydrogen production business participates in FEED outside Japan, involving what may be one of the largest scale of green liquefied hydrogen production in the world.

Extensive feasibility studies will be conducted to make the final decision on investment in phased-in production and distribution of liquefied hydrogen, which will start in around 2030. The liquefied hydrogen will be supplied to the Company's thermal power stations in the Himeji area and to users nearby.

The Company and three of the participated companies (Iwatani, Marubeni and Stanwell Corporations) have been conducting feasibility studies since 2021 on large-scale production of green liquefied hydrogen and their export to Japan. With Keppel on board, who is a potential green hydrogen user, we the five companies will jointly work on the FEED, which involves a total investment of 117 million Australian dollars (about 10.53 billion yen^{*2}), a sizable amount compared with a total of about six million Australian dollars (about 540 million yen^{*2}) invested in previous feasibility studies.

Each of us, committed to being a pioneer in building a large-scale hydrogen/ammonia supply chain advocated by the governments of Japan, Australia, and Singapore, will leverage this project to help realize a carbon neutral world.



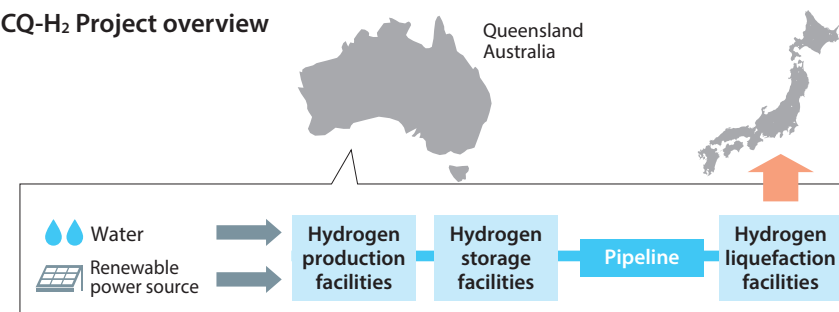
^{*1} FEED: Front End Engineering Design. Refers to the basic design (including studies related to commercial, financial, and contractual matters) to be conducted upon completion of conceptual designs and feasibility studies.

^{*2} Exchange rate of AUD 1 = JPY 90

01 Designing the infrastructure base for a large-scale hydrogen supply chain

On May 29, 2023 the Company announced that it entered into an agreement with Iwatani Corporation, Marubeni Corporation, Stanwell Corporation Limited, and Keppel Infrastructure Holdings Pte. Ltd. on FEED^{*1} of the Central Queensland Hydrogen (CQ-H₂) Project in the Gladstone Region, Queensland, Australia, where green hydrogen derived from renewable energy will be largely produced and liquefied for export to Japan as well as supplied to an ammonia

CQ-H₂ Project overview



Bolstering Our Strength

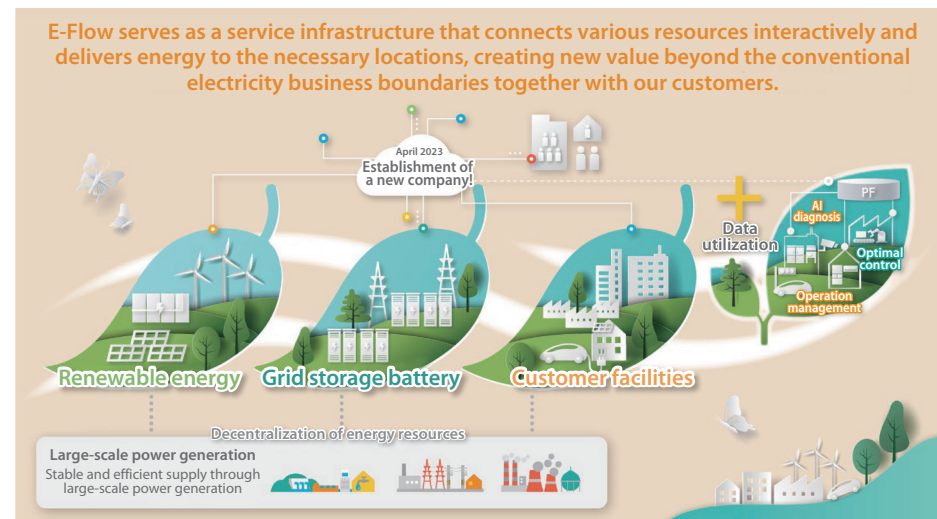
02 03 New company starts commercial operation of distributed energy resources

E-Flow LLC, which specializes in operation of distributed energy resources (DERs), was established in April 2023 to leverage the experience and expertise derived from our Virtual Power Plant (VPP) business.

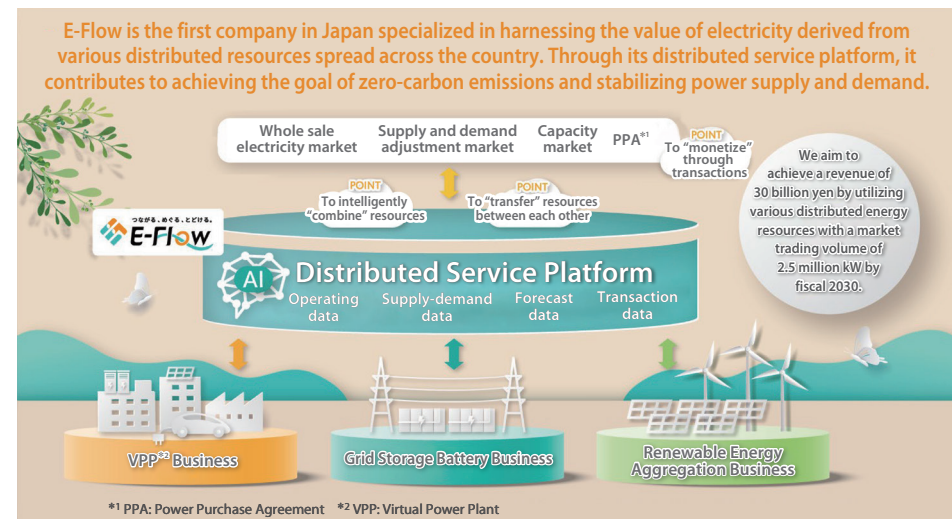
Taking over the VPP business of the Kansai Electric Power Company, E-Flow is committed to optimizing operation of customers' DERs and maximizing their electric values through its VPP, grid storage battery, and renewable energy aggregation businesses, which are expected to grow as we transition to a zero-carbon society.

E-Flow also offers services based on the distributed service platform "K-VIPs+," which is equipped with an optimized operation AI incorporating cumulative operational expertise and market transaction data to improve its earnings. Incorporated into the grid storage battery and renewable energy aggregation businesses in the second half of fiscal 2023, this platform system will be expanded to other resources such as EVs and hydrogen production equipment.

Business objective



Business overview



Making inroads to the storage station business

The Company will have a stake in one of the largest storage stations in Japan (48 MW / 113 MWh) and E-Flow will be in charge of its operation. With this business, we will contribute to stabilization of electricity supply and demand and further introduction of renewable energy.

Bolstering Our Strength

03 04 Investing one trillion yen in hyper-scale data center business

We established CyrusOne KEP, Inc., a 50-50 joint venture with the US data center developer and operator CyrusOne, in May 2023. CyrusOne KEP, Inc. will develop and operate hyper-scale data centers (HSDCs)*1, with investments of more than one trillion yen over the next 10 years or so, aiming for a total storage capacity*2 of 900 MW.

Utilizing both companies' strengths: the Kansai Electric Power Group, which has developed its variety of businesses such as energy, real estate, information and telecommunications, and CyrusOne, which has accumulated advanced expertise in sales, design, development, and operation of HSDC business, this venture company will provide cloud service providers with the world's highest quality digital infrastructure services, facilitating improvement in social and digital infrastructures.



Competitive strength

- Sales capabilities targeting mega cloud service providers
- Expertise in design and construction of data centers that meet the needs of customers
- Proven track records in advanced operation, etc.



Competitive strength

- Expertise in electricity supply
- Acquisition, development, and management of real estate
- Expertise in data center operation
- Optical fiber network spanning the Kansai area, etc.



Leveraging the two companies' strengths

CyrusOne KEP, Inc. plans firstly to develop its business in the Tokyo metropolitan area and the Kansai area; its construction site for the first project has been secured in the Kansai area, where it is preparing to start construction as early as possible.

*1: Extremely large data centers that are designed for mega cloud service providers to process a massive amount of data

*2: Indicator that represents the size of data centers

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.

Recognition of external environment

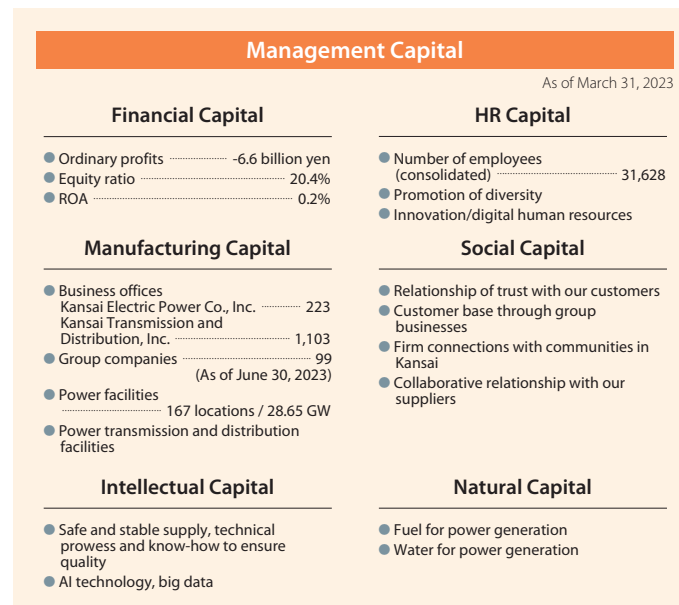
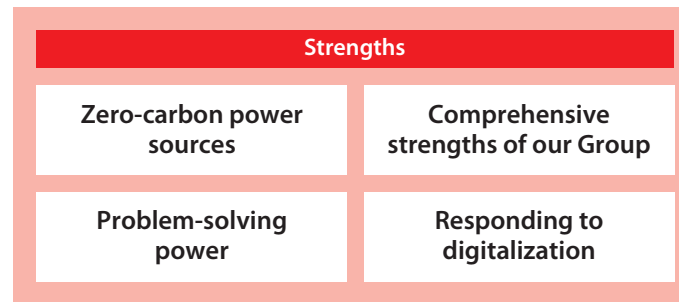
Changes to the business environment

- Intensified business competition due to liberalization
- Growing uncertainty in energy markets due to changes in international affairs and exchange rate fluctuations
- Further accelerating trend toward decarbonization
- New market creation in power system reform
- Increasing importance of developing digital infrastructure that supports DX
- Changes to the needs of corporations due to labor shortages; progress of workstyle innovation, etc.

Social issues

- Global warming
- Natural disasters
- Exhaustion of natural resources
- Secure a stable supply of energy
- Respond to infectious diseases
- Depopulation, decreasing birthrate and aging population
- Low economic growth

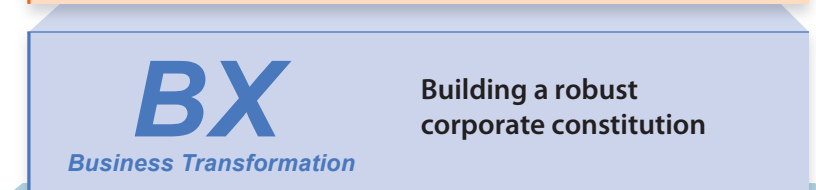
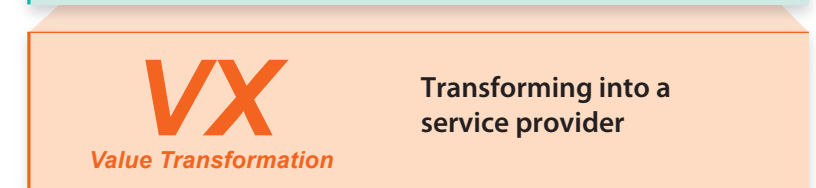
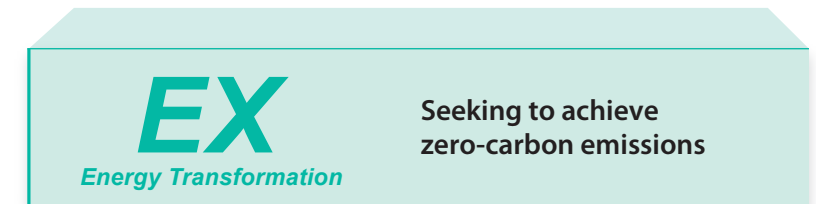
INPUT



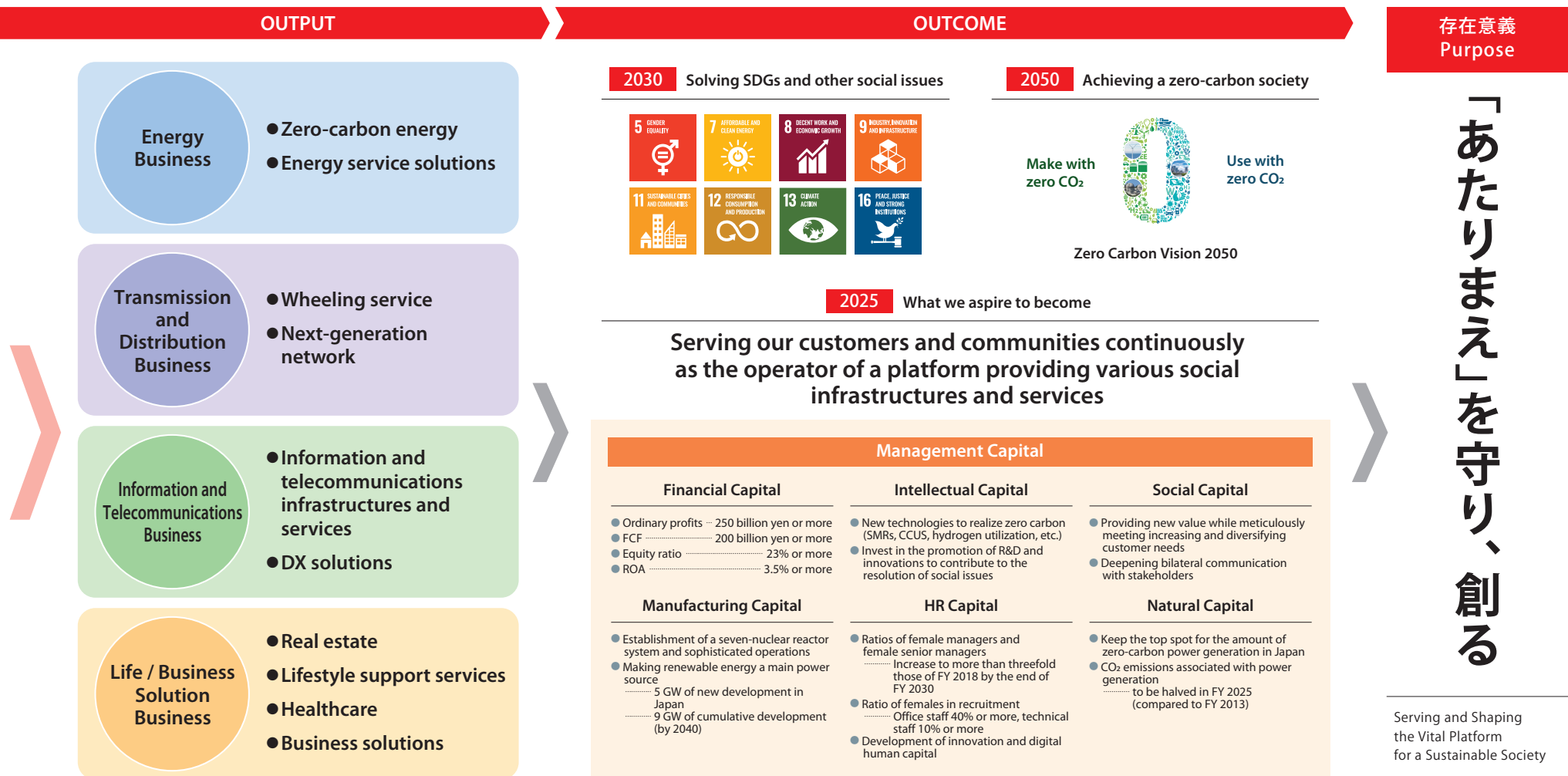
Business activities

KX

Kanden Transformation



Value Creation Process for the Kansai Electric Power Group



Medium-term Management Plan

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

KX *Kanden Transformation*

EX
Energy Transformation

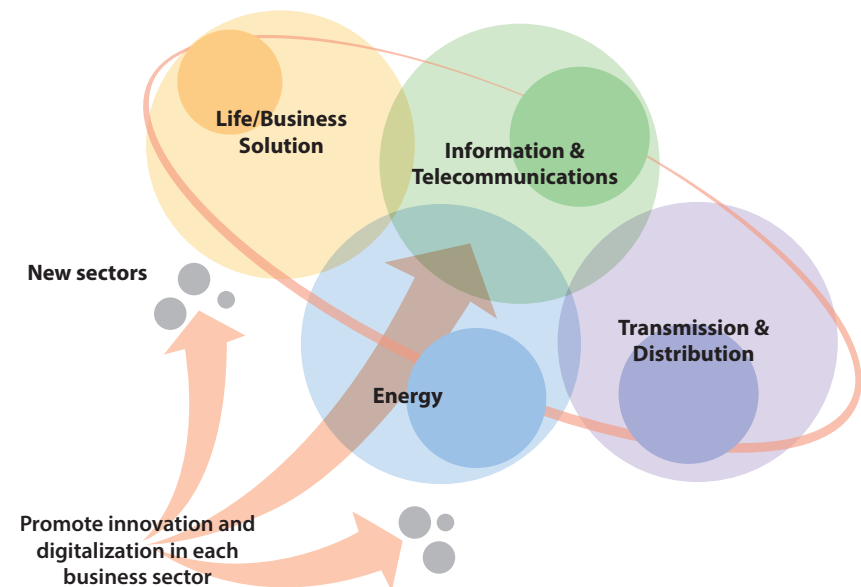
VX
Value Transformation

BX
Business Transformation

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 various social infrastructures and services, we aim to continuously serve our customers and communities, while contributing to attaining a sustainable society.



Medium-term Management Plan

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

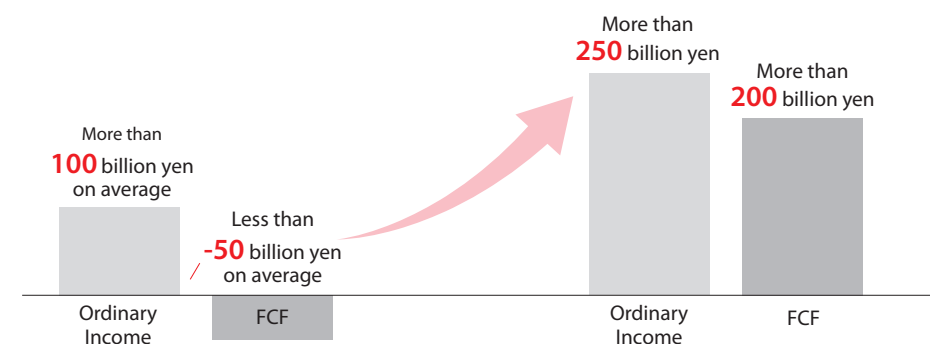
We will speed up cost structure reform, innovation, digitalization and workstyle innovation.

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 Register a surplus across total income booked between FY 2021 and FY 2025	More than 200 billion yen
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]



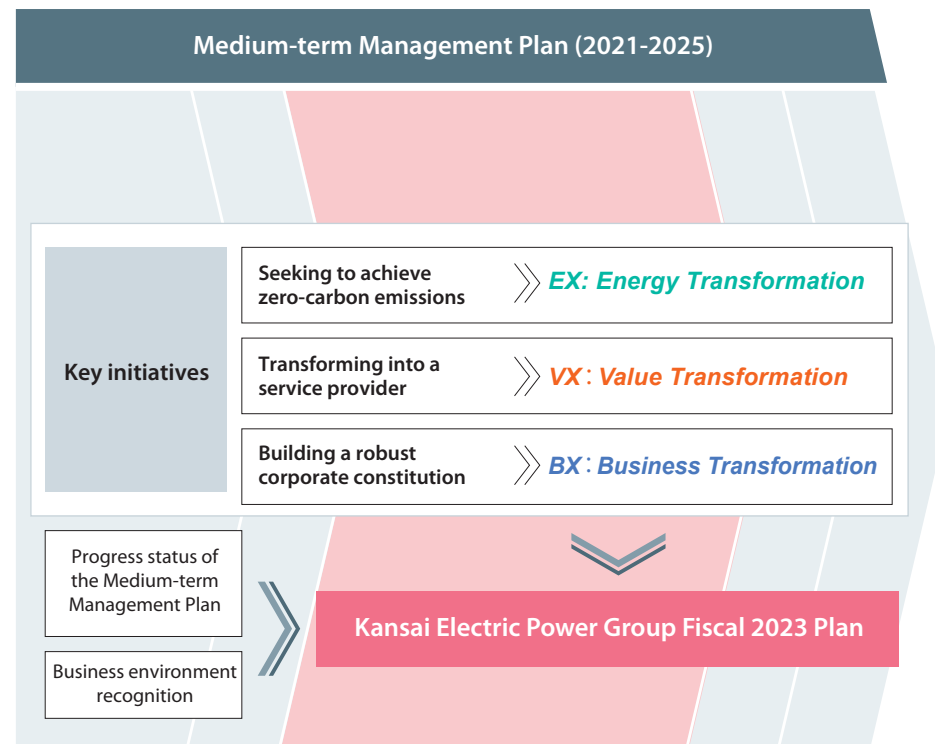
[Reference] ROE (Return on equity = Net income / Shareholders' equity [Beginning and ending balance average]) when the above goals are achieved: about 4% for FY 2021–2023, about 10% for FY 2025

Medium-term Management Plan

Fiscal 2023 Plan

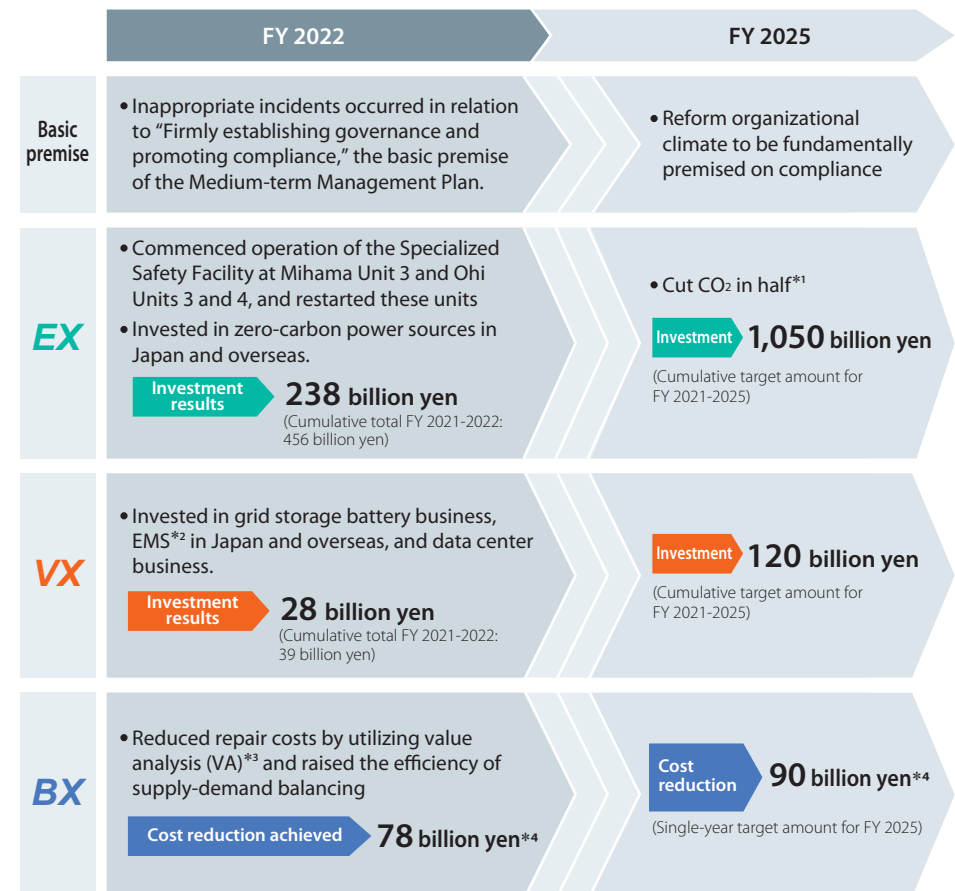
In May 2023, the Group formulated the Kansai Electric Power Group Fiscal 2023 Plan based on the progress status of the Kansai Electric Power Group Medium-term Management Plan (2021-2025) and business environment recognition.

Positioning of the Kansai Electric Power Group Fiscal 2023 Plan



Progress status of the Medium-term Management Plan

In fiscal 2022, we made steady efforts in line with the three key initiatives set forth in the Medium-term Management Plan: EX, VX, and BX. Meanwhile, inappropriate incidents occurred in relation to "Firmly establishing governance and promoting compliance," the basic premise of the Medium-term Management Plan.



*1: CO₂ emissions from power generation (compared to FY 2013) *2: Energy Management System

*3: Capital investments, etc., were closely examined from every perspective of the value chain in collaboration with operating divisions from the planning stage.

*4: Cost reductions from the planned value at the time of formulating the Medium-term Management Plan

Medium-term Management Plan

Progress status of the Medium-term Management Plan

All of our financial targets for fiscal years 2021 through 2023 set in the Medium-term Management Plan are expected to be achieved. In particular, FCF, which has been in negative territory in most recent years, is likely to turn positive in fiscal 2023.

We seek to strike a balance between restoring our financial soundness through interest-bearing debt reduction and making investments that will open the way to the future, hoping to meet the expectations of our shareholders by achieving sustainable growth.

	FY 2021 (results)	FY 2022 (results)	FY 2023 (forecast)	FY 2021–2023	Financial goals [Medium-term Management Plan (2021–2025)]	
					FY 2021–2023	FY 2025
Ordinary Income	135.9 billion yen	-6.6 billion yen	425.0 billion yen	184.8 billion yen	More than 100 billion yen averaged over three years	More than 250 billion yen
FCF	-122.3 billion yen	-289.8 billion yen	Approx. 280 billion yen	Approx. -44.0 billion yen	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	19.2%	20.4%	Approx. 23%	Approx. 23%	More than 20%	More than 23%
ROA*	1.9%	0.2%	Approx. 5.1%	Approx. 2.4%	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]

Medium-term Management Plan

Business environment recognition

In view of the occurrence of multiple inappropriate compliance-related incidents, it is essential for the Group to again work together as one to reform its organizational climate to be fundamentally premised on compliance.

In order to reduce revenue fluctuation risks such as surges in fuel prices, which we cannot control, we will steadily implement the measures set forth in our Medium-term Management Plan and annual plans, with safety as the top priority.

	At the time of formulation of the Medium-term Management Plan (March 2021)	Current business environment (May 2023)
Society	<ul style="list-style-type: none"> Accelerating trend toward decarbonization (2050 Carbon Neutral Declaration) COVID-19-triggered acceleration of DX 	<ul style="list-style-type: none"> While fuel prices increased sharply after the conflict in Ukraine, high market prices are currently reaching a plateau, appearing to trend downward, with market volatility increasing. There is an increasing demand among users to transfer contracts from competitors to our Company in correspondence with changes in the retail business environment due to high fuel prices and electricity transaction prices staying at high levels
Energy business	<ul style="list-style-type: none"> Sluggish demand Falling crude oil prices Massive introduction of renewable energy Decline in electricity trading prices 	<ul style="list-style-type: none"> Trends toward decarbonization have been accelerating, accompanying progress in government policy and institutional development <ul style="list-style-type: none"> The topic of nuclear power is becoming increasingly important at the GX Implementation Council Introduction of a long-term decarbonized energy auction system Intensified competition in renewable energy public offering Accelerating digitization of services in both the public and private sectors

Direction of FY 2023 initiatives

Basic premise of our business operations

Firmly establishing governance and promoting compliance

In order to rebuild trust, everyone in the Group will work together on the following to be **reborn as a corporate group that ensures strict compliance**.

- With thorough compliance as the fundamental premise on which our business management is based, we will push through reform of our organizational climate so each and every employee will take compliance seriously as their own personal matter and put it into practice.
- We will drastically strengthen internal control to ensure that we can cope with various environmental changes and risks that may occur in the future.

Key initiatives		Assess the environment and act in accordance with the three key initiatives
EX	Seeking to achieve zero-carbon emissions EX: Energy Transformation	Establish operation at the seven nuclear reactors and strive to achieve a power portfolio that takes into consideration trends toward decarbonization.
VX	Transforming into a service provider VX: Value Transformation	Move forward with and further deepen initiatives for innovation, etc. by leveraging our strengths to offer new value.
BX	Building a robust corporate constitution BX: Business Transformation	With ongoing uncertainty in the business environment, it is essential to continue to examine our business portfolio for sustainable growth and to continue cost structure reforms that can be made with self-help efforts.

Medium-term Management Plan

Main efforts in FY 2023

Reforms of organizational climate

- **Establishment of the Organizational Climate Reform Committee** chaired by the President to build an organizational culture where all executives and employees can candidly talk about their feelings and awareness across positions and sections, while also overseeing and promoting a series of reforms.

Delivery of messages from senior management, centralized gathering and analysis of employees' opinions through dialogue, and solving cross-functional issues

Strengthening internal controls

- Making efforts to promote Groupwide compliance and risk management by **establishing the Compliance Promotion Headquarters** to promote unified measures toward drastic reinforcement of internal controls and **by appointing the Chief Compliance Officer, or CCO**, as the highest-ranking officer for promoting compliance.

The Internal Control Board was established to oversee risk management plans in cooperation between specialized corporate divisions and business execution divisions.

Promoting initiatives to strictly observe relevant laws and regulations and to prevent inappropriate incidents through monitoring, assessment, and improvement of business performance

- Additionally, **enhancing and reinforcing the structure of the Office of Internal Auditing** and **drawing on external expertise** (e.g., conducting periodic external assessments based on international standards) will improve audit quality.

Verification system utilizing external human resources

- **Special supervision by the Board of Directors** (reform monitoring) requires reports on the progress status of series of reforms in conjunction with Board of Directors meetings, follow-up on the status of individual initiatives, and advising and guidance on additional measures, etc.
- **Special audits by the Audit Committee** require not only reporting on the status of compliance with laws and regulations, but also periodically and as necessary on the status of efforts made in series of reforms, as well as auditing the effectiveness, degree of penetration, and establishment of these efforts.

Medium-term Management Plan

Main efforts in FY 2023

EX Seeking to achieve zero-carbon emissions

- Accelerate efforts in line with the Zero Carbon Roadmap.
- Give top priority to safety, establish operation at the seven nuclear reactors, and mount efforts to achieve a power portfolio that takes into consideration trends toward decarbonization.

Examples of primary efforts

- Establish operation at the seven nuclear reactors through the restart of Takahama Nuclear Power Station Units 1 and 2, with continued safe and stable operation.
- Determine a site for the planned interim storage facilities outside of Fukui Prefecture by the end of 2023.
- Accelerate efforts to strengthen competitiveness with a focus on the public bidding for offshore wind power generation, and promote development of solar power generation through the Corporate Power Purchase Agreement.
- Aim to build a large-scale hydrogen supply chain from overseas to the Himeji area around 2030, expedite efforts from upstream (supply side) to downstream (demand side) in cross-industrial collaboration with neighboring business operators.

Investment	FY 2022 results	FY 2023 plan	Medium-term Management Plan (2021-2025)
EX	238 billion yen	215 billion yen	1,050 billion yen (Cumulative target amount for FY 2021-2025)

VX Transforming into a service provider

- Speed up transformation into a service provider.
- For further advancement of VX, promote service development based on social and environmental analysis.

Examples of primary efforts

- Realize and expand the data center business, a vital platform for a digital society.
- Promote the Zero Carbon Package mainly through utilization of distributed renewable energy resources, electrification, and optimal control of these with SenaSon*¹.
- Promote and expand the VPP business and grid storage battery business based on a distributed services platform*² (E-Flow LLC).

*1 An energy management system that optimally controls distributed energy resources owned by customers.

*2 A platform that brings together distributed energy resources owned by customers, power generation companies, etc., and carries out optimal market transactions.

Investment	FY 2022 results	FY 2023 plan	Medium-term Management Plan (2021-2025)
VX	28 billion yen	55 billion yen	120 billion yen (Cumulative target amount for FY 2021-2025)

BX Building a robust corporate constitution

- Continue with efforts in improving efficiency to achieve goals in the cost structure reform set forth in the Medium-term Management Plan.
- Deepen digital technology-based transformation, reinforcement of human capital base, etc.

Examples of primary efforts

- Delve into efficiency improvement by promoting group-wide value analysis, not by Kansai Electric Power Company alone.
- Accelerate business exploration and development, vigorously pushing VX innovation forward.
- In the electric power transmission and distribution business, upgrade networks to the next generation and thoroughly improve efficiency to adequately respond to system updates.

Cost reduction*	FY 2022 results	FY 2023 plan	Medium-term Management Plan (2021-2025)
BX	78 billion yen	75 billion yen	90 billion yen (Single-year target amount for FY 2025)

*Cost reductions from the planned value at the time of formulating the Medium-term Management Plan

Message from the Executive in Charge of Accounting and Finance



Toru Tanaka
Executive Vice President

Aiming to achieve the goals set in the Medium-term Management Plan

When the Medium-term Management Plan (2021–2025) was formulated in 2021, we had to assume that electricity sales and the unit price of electricity would drop significantly. As such we decided to take on the challenge of pushing ahead with fundamentally reforming our business structure, achieving a system to operate all seven reactors in our nuclear power stations, and providing new value through diverse solutions—in other words, putting us on a growth path by 2025 to take a big step forward.

However, since then, “black swan” risks (unpredictable, severe events that only seem inevitable in hindsight) such as the conflict in Ukraine have reared their ugly heads. Needless to say, predicting the management environment in even a few months’ time continues to be difficult.

Despite this, if we base our calculations on certain assumptions—such as recent market trends—we can begin to see that we will reach each of the targets for fiscal 2021–2023 that we included in our Medium-term Management Plan. To reach the targets we have set for fiscal 2025, the final year of the plan, the most important thing will be for us all to work together to do all we can to advance our three initiatives of seeking to achieve zero-carbon emissions (EX), transforming into a service provider (VX), and building a robust corporate constitution (BX). Specifically, this will involve pressing forward with cost structure reforms that we can accomplish under our own steam, and maximizing our use of nuclear power, which is not easily affected by changes in prices for fossil fuels. Through reductions in our interest-bearing debt—which exceeded five trillion yen at the end of fiscal 2022—we will work to make our financial base sounder and at the same time balance proper investments that will lead to future growth. Adhering to a policy of stable dividends, we will meet our investors’ expectations.

Responding to Tokyo Stock Exchange requests

We have taken requests from the Tokyo Stock Exchange (TSE) to aim to support management awareness of capital costs and share prices, as an opportunity to sort out as a company once again how the stock market sees us and to discuss this matter at a management level.

As far as we can tell from the current share price, we cannot in all honesty say that we are highly rated by the stock market. Pinning down the reasons for this is not easy, so we are currently working to analyze what investors expect of us, and what concerns or hopes they have.

In terms of creating plans to make improvements, rather than setting direct targets, such as increasing share price or PBR, we want to discuss about how we can achieve future growth, what financial strategies we should employ, and other topics. The other directors and officers also mentioned the importance of such an approach. Making incorporating stock market perspectives our default stance, we will further deepen our discussions and deliberations together with outside directors about accounting and financial matters, in response to the TSE requests. The topics include, for example, what our sustainable profit level should be, what capital structure is optimal, in what areas we should be concentrating resources, and what our shareholder return should be. I understand these are difficult topics, but we will work on them while continuing dialogue with investors.

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 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

STEP 1

Exhaustively identify risks that may hinder opportunities to encourage achieving the goals of the Medium-term Management Plan (2021-2025), evaluate these risks in terms of possibility of occurrence, chronology of occurrence and degree of impact, then extract about 500 items of material risks and opportunities.

STEP 2

Organize important issues to respond to identified risks and opportunities for the Company after confirming consistency with the Medium-term Management Plan and risk map.

STEP 3

With reference to the opinions of shareholders and investors, as well as issues seen as important in the ESG external evaluation, SDGs, various frameworks (International Integrated Reporting Framework, GRI Standards, etc.), communication with stakeholders, evaluation items from ESG surveys, etc., identify important issues to be handled. Evaluate their significance and appropriateness for stakeholders.

STEP 4

The Executive Meeting and the Board of Directors hold discussions to identify 10 material issues.

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 of materiality (important issues)

Materiality	Risks	Opportunities
Increase profitability by providing new value	<ul style="list-style-type: none"> Reduced energy demand due to declining population Intensification of domestic retail power sales Reduced competitiveness of existing business models due to market entry by businesses from other industries Intensification of customer acquisition competition in the FTTH and mobile marketplaces Intensification of competition to acquire the excellent real estate properties in Japan Country and market risks related to overseas business expansion 	<ul style="list-style-type: none"> Expanded business opportunities by the liberalization of electricity and gas markets (advancement into areas outside Kansai) Increased interest in energy due to advancements in energy conservation Changes in electricity usage patterns due to technological innovations Enhancement of sales channels with expanded alliances Expansion of domestic infrastructure business resulting from 5G popularization Business opportunities resulting from domestic social issues, including medicine, caregiving and the aging of society Business opportunities resulting from the diversification of needs, including decentralization
Promote zero-carbon efforts	<ul style="list-style-type: none"> Substantial revision of regulations and policies affecting existing businesses as a result of strengthening countermeasures for climate change issues 	<ul style="list-style-type: none"> New revenue growth opportunities resulting from strengthening trends for ESG investment and decarbonization Expansion of renewable energy investment opportunities in Japan and abroad Revenue growth opportunities arising from establishing new markets Increased interest in energy due to advancements in energy conservation
Strengthen resilient business infrastructure on the condition of ensuring safety	<ul style="list-style-type: none"> Continued aging of power supply facilities Facility troubles caused by natural disasters, including abnormal weather phenomena caused by climate change, typhoons, torrential rains, earthquakes and tsunamis Unplanned stoppages of large-scale power sources, including nuclear power Interruption of stable power supply due to insufficient measures against cyber attacks and infectious diseases Tight supply-demand situation due to severe weather (intense heat and cold) 	<ul style="list-style-type: none"> Trust earned from customers and society by strengthening resilient business foundations and resulting business opportunities
Achieve business innovation and enhance information security utilizing digital technologies	<ul style="list-style-type: none"> Interruption of stable power supply due to insufficient measures against cyber attacks Intensification of customer acquisition competition in the FTTH and mobile marketplaces Lost business opportunities due to slow business model reform and technological innovation as well as stagnation in expert personnel development 	<ul style="list-style-type: none"> Changes in electricity usage patterns due to technological innovations Expansion of domestic infrastructure business resulting from 5G popularization Improved productivity and creation of new value through the utilization of digital technologies
Earn trust in our business areas and contribute to regional revitalization	<ul style="list-style-type: none"> Intensification of domestic retail power sales Country and market risks related to overseas business expansion Erosion of trust resulting from lack of communication with local communities 	<ul style="list-style-type: none"> Business opportunities resulting from the diversification of needs, including decentralization Business opportunities resulting from increased overseas energy demand Expanded business opportunities by the liberalization of electricity and gas markets (advancement into areas outside Kansai)
Promote diversity and build a safe and comfortable working environment	<ul style="list-style-type: none"> Intensification of personnel hiring competition due to shrinking labor force Lost business opportunities due to slow business model reform and technological innovation as well as stagnation in expert personnel development 	<ul style="list-style-type: none"> Creation of new value through the utilization of diverse personnel Increased productivity as a result of promoting workstyle innovation
Appropriate risk management in supply chain	<ul style="list-style-type: none"> Damage to corporate value due to safety issues or serious compliance violations including the supply chain 	—
Step up efforts to develop and secure human resources	<ul style="list-style-type: none"> Intensification of personnel hiring competition due to shrinking labor force Lost business opportunities due to slow business model reform and technological innovation as well as stagnation in expert personnel development 	<ul style="list-style-type: none"> Creation of new value through the utilization of diverse personnel Increased productivity as a result of promoting workstyle innovation
Deepen bilateral communication with stakeholders	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Gain understanding of our business through timely and adequate information dissemination and communication with stakeholders
Firmly establish governance and observe strict compliance	<ul style="list-style-type: none"> Damage to corporate value due to safety issues or serious compliance violations including the supply chain 	—

Materiality for the Kansai Electric Power Group (Important issues)

Objectives and results of materiality (important issues)

Of the initiatives for the identified materiality, we have extracted particularly important items to achieve the Medium-term Management Plan, with targets set as priorities.

Materiality	Non-financial activities	FY 2022 objectives	FY 2022 results	FY 2023 objectives
Promote zero-carbon efforts	Advancement of efforts to control CO ₂ emissions	<ul style="list-style-type: none"> Keep the top spot for the amount of zero-carbon power generation in Japan. Halve CO₂ emissions associated with power generation in Japan in FY 2025 (compared to FY 2013) 	<ul style="list-style-type: none"> Retain the top spot for the amount of zero-carbon power generation in Japan (based on surveys and comparisons from the Survey of Electric Power Statistics). Reduction of about 49% compared to FY 2013 	<ul style="list-style-type: none"> Keep the top spot for the amount of zero-carbon power generation in Japan. Halve CO₂ emissions associated with power generation in Japan in FY 2025 (compared to FY 2013)
	Further development and utilization of renewable energy sources	<ul style="list-style-type: none"> Achieve 5 GW scale of new development and 9 GW scale of cumulative capacity by 2040 	<ul style="list-style-type: none"> 3.92 GW*/9 GW or more (target) * The above figure is only for externally announced projects and includes power sources not under the jurisdiction of the Renewable Energy Division. 	<ul style="list-style-type: none"> Achieve 5 GW scale of new development and 9 GW scale of cumulative capacity by 2040
	Maintain and improve thermal efficiency of thermal power plants	<ul style="list-style-type: none"> Achieve benchmark indicators* (A: 1.00, B: 44.3%) * Indicators based on the benchmark system of the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy 	<ul style="list-style-type: none"> Achieved benchmark indicators (A: 1.00, B: 44.3%) 	<ul style="list-style-type: none"> Achieve benchmark indicators* (A: 1.00, B: 44.3%) * Indicators based on the benchmark system of the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy
	Continuation of safe and stable operation of nuclear power plants	<ul style="list-style-type: none"> Continue with safe and stable operation based on the operation plan (Zero unplanned stoppages) 	<ul style="list-style-type: none"> One case of unplanned stoppage* occurred at Takahama Power Station Unit 4, but the reactor resumed power generation promptly after cause investigation and countermeasures were implemented. Safe and stable operation continued at other power stations. * Takahama Power Station Unit 4 reactor automatic shutdown (from January 30, 2023 to March 25, 2023) 	<ul style="list-style-type: none"> Continue with safe and stable operation based on the operation plan (Number of unplanned stoppages "0," Nuclear power generated "45.3 billion kWh")
Strengthen resilient business infrastructure on the condition of ensuring safety	Preparation for and handling of accidents and disasters	<ul style="list-style-type: none"> Conduct group-wide comprehensive emergency response drills Active participation in disaster response training sponsored by external disaster response agencies Number of participants in education and lectures (preparation for nuclear power disasters) Number of drills and training 	<ul style="list-style-type: none"> Number of participants in group-wide comprehensive emergency response drills "1,002" Participation in disaster response training sponsored by external disaster response agencies "41 sessions" (number of training sessions held) Number of participants in education and lectures "Approx. 5,300" Number of drills and training sessions "Approx. 7,100" 	<ul style="list-style-type: none"> Conduct group-wide comprehensive emergency response drills, training, awareness raising, etc. Active participation in disaster response training sponsored by external disaster response agencies Evaluation of nuclear operator emergency response drills by the Secretariat of the Nuclear Regulation Authority: Grade A for all items
Achieve business innovation and enhance information security utilizing digital technologies	DX-based efforts to address management issues	<ul style="list-style-type: none"> Promotion of new value creation 	<ul style="list-style-type: none"> Number of new value sources created "41" 	<ul style="list-style-type: none"> DX-based efforts to address management issues [New] (Target: 25.2 billion yen in single-year benefits from DX)
	Information security management	<ul style="list-style-type: none"> Major information security incidents "0" 	<ul style="list-style-type: none"> "1" incident (including Kansai Transmission and Distribution, Inc.) 	<ul style="list-style-type: none"> Major information security incidents "0"

Materiality for the Kansai Electric Power Group (Important issues)

Objectives and results of materiality (important issues)

Materiality	Non-financial activities	FY 2022 objectives	FY 2022 results	FY 2023 objectives
Promote diversity and build a safe and comfortable working environment	Industrial accident status	<ul style="list-style-type: none"> Accident frequency rate "0" 	<ul style="list-style-type: none"> Accident frequency rate "0.29" 	<ul style="list-style-type: none"> Accident frequency rate "0"
	Promotion of diversity	<ul style="list-style-type: none"> Increase the ratios of female managers and female senior managers to "more than threefold those of FY 2018 (6.3% and 4.8%, respectively) by the end of FY 2030" Female employment ratios "40% or more for office jobs and 10% or more for technical jobs" Accelerate employment of persons with disabilities 	<ul style="list-style-type: none"> Ratio of female managers "3.2%", Ratio of female senior managers "2.7%" Female employment ratios "49% for office jobs and 14% for technical jobs" Employment rate of persons with disabilities "2.5%" 	<ul style="list-style-type: none"> Increase the ratios of female managers and female senior managers to "more than threefold those of FY 2018 (6.3% and 4.8%, respectively) by the end of FY 2030" Female employment ratios "40% or more for office jobs and 10% or more for technical jobs" Accelerate employment of persons with disabilities
	Creation of workplaces where working is easy	<ul style="list-style-type: none"> Rate of paid leave utilization "90% or more" Total working hours "cut by 5% versus FY 2015, or 190 hours/year, which is equivalent to overtime hours per person" Male employee childrearing leave utilization rate at "the same level as that of female employees" Average number of childrearing leave days taken by male employees "One month or more by FY 2025" Enhance employee turnover prevention measures 	<ul style="list-style-type: none"> Rate of paid leave utilization "99.4%" Overtime hours per employee "250 hours/year" Rate of male employee childrearing leave utilization "124%" Average number of childrearing leave days taken by male employees "14.5 days" Turnover rate "0.90%" 	<ul style="list-style-type: none"> Rate of paid leave utilization "90% or more" Total working hours "cut by 5% versus FY 2015, or 190 hours/year, which is equivalent to overtime hours per person" Male employee childrearing leave utilization rate at "the same level as that of female employees" Average number of childrearing leave days taken by male employees "One month or more by FY 2025" Enhance employee turnover prevention measures
	Prevention of human rights violations in business activities	—	—	<ul style="list-style-type: none"> Number of human rights violations (serious human rights violations "0")
Appropriate risk management in supply chain	Implementation of Basic Procurement Policy and promotion of its adoption by suppliers	<ul style="list-style-type: none"> Conducting a questionnaire survey for suppliers to promote their adoption of the Basic Procurement Policy 	<ul style="list-style-type: none"> Conducted a questionnaire survey for new suppliers regarding their procurement activities Conducted a human rights due diligence fact-finding survey for major and new suppliers 	<ul style="list-style-type: none"> Conducting a questionnaire survey for suppliers to encourage permeation of the Basic Procurement Policy and the Declaration on Partnership Building
Step up efforts to develop and secure human resources	Development of employee skills and abilities	<ul style="list-style-type: none"> Promotion of human resource development to endure in the highly competitive environment 	<ul style="list-style-type: none"> Number of group training participants "38,685" Total training cost "1,479 million yen" Time spent on training per employee "43.5 hours" Training cost per employee "85,400 yen" 	<ul style="list-style-type: none"> The following KPIs have been in place since FY 2023. Evolution of diverse "individuals" and building an organization driven by diversity: "Growth oriented index," "Growth realization index," and "Diversity realization index" Building a work environment that supports diverse "individuals": "Satisfaction level with working environment"
	Strengthening of personnel hiring	<ul style="list-style-type: none"> Steady achievement of the recruitment plan "Number of planned new hires for FY 2023: 470 (New hires: 400, Mid-career recruits: 70)" Increase of mid-career recruitment 	<ul style="list-style-type: none"> Number of new hires "484 (New hires: 414, Mid-career recruits: 70)" Mid-career recruiting plan "70 individuals" for FY 2023, "70" for FY 2024 	<ul style="list-style-type: none"> Number of planned new hires for FY 2024: "480 (New hires: 410, Mid-career recruits: 70)"
Firmly establish governance and observe strict compliance	Strict enforcement of compliance	<ul style="list-style-type: none"> Major social compliance violations "0" Major environmental compliance violations "0" 	<ul style="list-style-type: none"> Major social compliance violations "4" Major environmental compliance violations "2" 	<ul style="list-style-type: none"> Major social compliance violations "0" Major environmental compliance violations "0"
	Maintaining and strengthening governance system	<ul style="list-style-type: none"> Steady annual implementation of effectiveness evaluation of the Board of Directors, etc. and continuous improvement based on the evaluation results Checking the status of maintenance and operation of internal control systems 	<ul style="list-style-type: none"> An effectiveness evaluation of the Board of Directors, etc. was implemented using a third-party organization. Based on the results, major future issues and direction for addressing these issues were reported to the Board of Directors. Appropriately implemented. See pages 101-111 of this Report for details. 	<ul style="list-style-type: none"> Annual implementation of effectiveness evaluation of the Board of Directors, etc. and continuous improvement based on the evaluation results Attendance rate at the Board of Directors meetings "75% or more"

See pages 10-12 of our ESG Report for all materiality-related indicators.

Special
Feature

3

Establishment of Innovation Development Division

Shaping the Vital Platform for the Future

Introduction

In July 2023, the Company established the Innovation Development Division, a dedicated organization to drive innovation across the Kansai Electric Power Group. The division aims to support divisions and group companies that undertake creation of new businesses and innovation, exploring and predicting business opportunities and threats based on future social and technological trends. By making innovation happen, the division will play an important role in generating future profits and achieving sustainable growth.

Background

Since its establishment in 2019, the Innovation Lab at the Office of Corporate Planning has been at the forefront in building a value creation process to realize innovation, which involves active planning, promotion of business development, and other activities related to innovation designed to create various types of value.

Meanwhile, parallel to this, we recognize that the environment surrounding our Group has changed significantly in the ways described below.

- External environment: Increased uncertainty in the business environment (frequent occurrence of complex and discontinuous changes derived from the COVID-19 pandemic, emergence of innovative technologies such as GPT-4)



- Internal environment: Establishment of the new Kansai Electric Power Group Management Philosophy Purpose & Values (March 2021), with "Innovation" positioned as one of the Values (Fig. 1).

Due to these circumstances, for our Group to achieve sustainable growth and fulfill our management philosophy, we believe it is important to continue to undertake innovation that will lead to future value creation and to constantly evolve our value creation process. From this perspective, we have decided to renew our value creation process to realize innovation. Along with this, as part of the optimal allocation and reinforcement of functions and capital, the Innovation Development Division has been established.

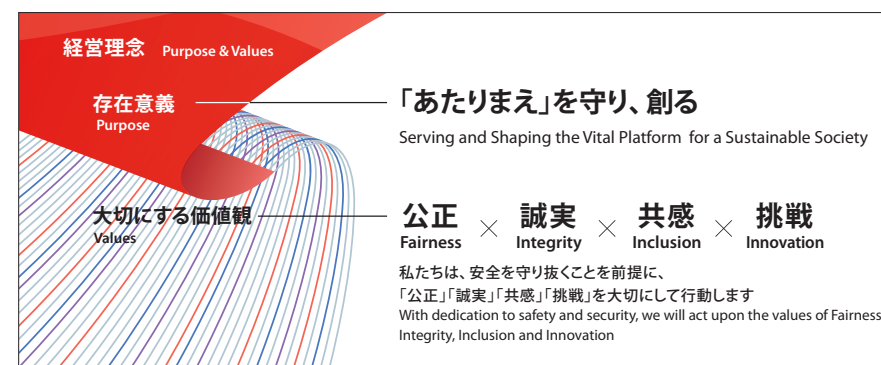


Fig. 1 Kansai Electric Power Group Management Philosophy

Establishment of Innovation Development Division

Shaping the Vital Platform for the Future

Primary objectives

① **Coping with uncertainty: Evolution to a future-oriented value creation process**

In order to fulfill the Kansai Electric Power Group's management philosophy of "Serving and Shaping the Vital Platform for a Sustainable Society" and coping with the increasingly uncertain business environment, we will proceed with value creation through the following process to provide value to customers and society for many years to come.

New value creation process (Fig. 2)

- A** Research on the future: Forecast the future by identifying changes based on the medium- to long-term trends in policies and systems, economy, society, and technology, examining how these changes will affect future needs in society and with customers, as well as business opportunities and threats the changes may pose to our Group.
- B** Business creation: Based on the insight gained in **A**, explore market opportunities, generate business ideas, and verify hypotheses. During the course of hypothesis verification, develop new technologies and acquire knowledge.
- C** Business development: As a result of **B**, invest an adequate amount of capital in projects that are to be commercialized at proper timing, and proceed with business development and verification in collaboration with related divisions and group companies as appropriate or, if necessary, transform existing businesses.

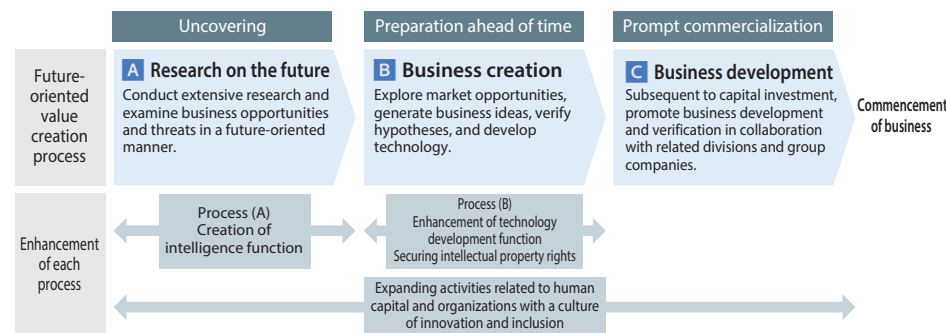


Fig. 2 Future-oriented value creation process and function enhancement

In order to accurately promote value creation in line with the process described on the left, we have consolidated and reinforced our functions and capital, leading to the establishment of the Innovation Development Division. Seizing the most relevant business opportunities to create new businesses and transforming our business in preparation for threats, mainly through activities at the Innovation Development Division, will enable us to take prompt action and appropriately deal with medium- to long-term opportunities and threats.

② **Enhancement of functions leading to value creation**

As the Innovation Development Division promotes and drives the value creation process as described in ①, taking the opportunity of its establishment, the function of each process has been enhanced as follows.

i. **Process (A): Creation of intelligence function***

Creating an intelligence function in the Innovation Development Division enables us to explore and examine business opportunities and threats to the Kansai Electric Power Group through more future-oriented research in broader areas, thus facilitating quick action (Fig. 2).

ii. **Process (B): Enhancement of technology development function**

This process helps us become more attentive to and acquire technologies and intellectual property rights, sources of business competitiveness. Specifically, we will put together the technology development function and related capital previously allocated in the former Office of Research and Development and incorporate them into this process, thereby boosting our inventiveness and creativity in terms of both technology and business. In addition, we will invest technical human capital in the exploration of market opportunities and business creation, pushing forward the development of technologies that will form the core of our business. Going forward, we will also play an active role in the standardization of technology, including energy-related systems, proactively securing intellectual property rights.

In recent years, the Group has invested in startup companies entering the aerospace-related business and taking on the challenge of practical application of nuclear fusion technology (Fig. 3). We will continue to pursue proactive measures like this that lead to future value creation.

*The function to explore and examine business opportunities and threats for the Kansai Electric Power Group through more future-oriented research in broader areas, facilitating action.

Establishment of Innovation Development Division

Shaping the Vital Platform for the Future



Fig. 3 Examples of initiatives for future value creation

③ Expanding activities related to human capital/organizations with a culture of innovation and inclusion

The Kansai Electric Power Group Management Philosophy upholds “Innovation” and “Inclusion” as items in its Values, and we believe that in order to create innovation, it is important that human capital/organizations with different advantages empathize and cooperate with each other to take on challenges in innovation. Based on this belief, the Group has developed various initiatives to encourage collaboration between human capital and organizations, and this has led to value creation. These initiatives took shape as the Hydrogen Business Strategy Division (established in May 2021) and entry into the hyper-scale data center business (May 2023).

Going forward, we will continue to implement various measures leveraging diversity in our human capital and organizations, thereby achieving innovation and value creation (Fig. 2).

Future initiatives

1. Initiatives at the Kansai Electric Power Group

- Advancing human capital diversity in conjunction with reorganization: 50 staff members join from the former Office of Research and Development
- Promoting mid-career recruitment (mid-career hiring)
- Utilizing the in-house dual-job holding (dual work) system
- Encouraging collaboration among related divisions as a driver for new business development

2. Open innovation initiatives

- Increase in investment through CVC (K4 Ventures GK) and collaboration with startup companies
- Recruiting and utilizing human capital for dual/concurrent jobs
- Co-creation of businesses that solve local issues together with local communities and external partners

As a new initiative for open innovation, we would like to propose to those outside the Company who “sympathize” with our business of solving social issues to become business co-creation partners with us.

The Group has been engaged in the refurbished PC sales business, which contributes to the employment of people with disabilities and resource recycling, and the travel platform business, which revitalizes regional communities by matching travelers with local residents. Through our business, which provides value for solving social issues, we have gained “sympathy” from local communities and external partners for our approach and the value we provide.

Furthermore, beyond the boundary of the Group business, as members of local communities, we are actively participating in business creation activities aimed at solving issues faced by communities.

Through these activities, we will broaden the circle of “sympathy” and combine the strengths and resources of the Group with those of localities and external partners to make further contributions in solving social issues.

Establishment of Innovation Development Division

Shaping the Vital Platform for the Future

New businesses: Rising to the challenge

In the face of increasing social issues, with Energy, Transmission & Distribution, Information & Telecommunications, and Life/Business Solution positioned as our core businesses, we will continue to create new value in areas around these sectors as well as where they overlap.

CyrusOne KEP, Inc.

Established as a fifty-fifty joint venture with CyrusOne, a U.S. data center developer and operator. CyrusOne KEP, Inc. will develop and operate hyper-scale data centers (HSDCs)*¹ with investments of more than one trillion yen over the next 10 years or so, aiming for a total storage capacity*² of 900 MW.

Utilizing both companies' strengths: the Kansai Electric Power Group, which has developed its variety of businesses such as energy, real estate, information and telecommunications, and CyrusOne, which has accumulated advanced expertise in sales, design, development, and operation of HSDC business, this venture company will provide cloud service providers with the world's highest quality digital infrastructure services, facilitating improvement in social and digital infrastructures.

*1: Extremely large data centers that are designed for mega cloud service providers to process a massive amount of data

*2: Indicator that represents the size of data centers



Pont des Tech Inc.

Pont des Tech purchases used computers from companies and upgrades their hard disks to solid-state drives, adds memory, and cleans them. It also sells high-quality computers that are affordable and safe to use. This is our first entry into the refurbished PC sales business.

In cooperation with special subsidiaries for people with disabilities, the Group will work to broaden employment options for people with disabilities to play an active role in its refurbished PC business, thereby expanding it.



Gekidan iino Godo Kaisha

Through iino, a 5 km/h mobility service created by the Innovation Lab, Gekidan iino Godo Kaisha 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.



January 2023
New autonomous mobility "type-S712" tested in Sannomiya, Kobe

Establishment of Innovation Development Division

Shaping the Vital Platform for the Future

Kaiko Yukinoya Godo Kaisha

In the food domain, the Group started its first “land-based aquaculture business,” which contributes to the SDGs by helping solve social issues such as burdens on the marine environment and the fishing labor environment. Aquaculture facilities that consume electricity are expected to play a role in the effective use of energy resources by, for example, converting surplus energy into food products. Through the production and sale of “Yukiebi,” or whiteleg shrimp, which is chemical- and additive-free and edible raw, its outstanding freshness and taste comparable to prawn, the company will work toward realizing its philosophy of “delivering valuable marine products to customers to serve and shape the Vital Platform for sustainable food.”



KAIKO YUKINOYA
SINCE 2020



TRAPOL Godo Kaisha

Established in October 2019 through the Kanden Entrepreneurship Challenge System. This company provides life-changing travel services that connect travelers with local residents (local friends), allowing travelers to experience the energy of interacting with other people. The company aims to serve and shape the Vital Platform that amplifies the energy of people who enthusiastically seize the day through travel.

The operator of TRAPOL, a matching platform that connects travelers and local residents (local friends), contributes to solving regional issues such as the increasing number of “connected minds” (people associated with a particular region for various reasons) by developing content that emphasizes the positive qualities of “people” in a region.



Establishment of Innovation Development Division

Shaping the Vital Platform for the Future

Message from the Executive in Charge of Innovation



Kazumitsu Takanishi
General Manager of
Innovation Development Division

In July 2023, as part of organizational reforms, the Innovation Development Division was established. With this organizational change, our goal is to accelerate innovation centered around the Office of Corporate Planning's Innovation Lab and Data Center Business Promotion Project Team by integrating the former Office of Research and Development into them, and strengthening resources and optimizing where functions are allocated.

By making it a division, i.e., a department with responsibility for an important mission, we have made clear our approach of valuing innovation and having it lead innovation in the Group.

Looking back over the Group's history, you can see how the Group has achieved growth through innovation. Some examples include constructing Kurobegawa No. 4 Power Station; being the first in Japan to generate commercial nuclear power and the first power company to introduce a mega solar power station in Japan; and entering the information and telecommunications business and the real estate business. For the last few years, we have continued to take on various challenges with innovation, such as expanding the distributed energy business, tackling zero-carbon thermal power generation, and entering the hyper-scale data center business. Going forward, we intend to speed up these efforts further. In addition, the R&D Center, which has now been integrated into the Innovation Development Division, had pursued various new technologies and many of its results had made a remarkable contribution to the Group's growth. While inheriting the legacy of the institute, we will promote strengthening our technical development aggressively.

In order to create further innovation, we know it is indispensable to have the right human resources, and we will implement various measures in this area. The Innovation Development Division is about twice the size of its predecessor, the Innovation Lab, with more than 100 members. Even so, we plan to continue to actively recruit external personnel and enhance our human capital. More than 1,000 people have undergone innovation personnel training, and I think that an innovation-oriented organizational culture is steadily taking hold. To turn this momentum into action, we will actively press ahead with the human resource system, which promotes in-house applications for different roles and fields as well as those wanting second jobs, thereby gathering together personnel with a will to innovate.

Open innovation, which includes collaborations with startups, is also vital. We have set aside a maximum 11 billion yen to use for investments in startups, and our plan is to support business transformation and development of new businesses and services at different departments and group companies.

Through activities like these, the Innovation Development Division—an embodiment of the Company's spirit of taking on challenges—will take a leap forward, but they will also have a positive impact on the entire Group.

I will also encourage new ideas and candid discussions, and make sure an organizational culture of trying new things takes root, keeping a careful eye on activities by departments, group companies, and employees as they work toward innovation.

Addressing Climate Change



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



We have specified ESG-related materiality (important issues), aiming for our growth as a corporate group as well as contributing to the sustainable growth of society by providing solutions to SDGs and other global social challenges. In particular, the Kansai Electric Power Group Zero Carbon Vision 2050 is in place along with the Medium-term Management Plan to address climate change, both of which manifest “Purpose” as stated in our philosophy system. Accordingly, we have set the Zero Carbon Roadmap to achieve carbon neutrality, with decarbonization efforts underway.

Governance

Recognizing climate change as a key business challenge, the following council and committees evaluate and manage the Group’s initiatives, providing assistance and guidance as needed to each operating division.

Board of Directors

The results of evaluation and monitoring are reported to the Board of Directors as needed by each council or committee to have them reviewed and subsequently reflected in the Group’s plans and policies.

Sustainability Promotion Council

Chaired by the president, the council develops the Group’s sustainability measures and monitors their development, focusing on climate change issues (strategies, materiality, risks, opportunities, etc.).

Risk Management Committee

The executive vice president chairs the committee tasked with identifying critical risk factors (including climate change risks), evaluating the significance of each factor, and monitoring risk management development, the results of which are presented to the Executive Meeting and the Sustainability Promotion Council. Risk measures, meanwhile, are reflected in the Group’s plans and policies.

The Risk Management Committee disbanded at the end of June 2023, followed by establishment of the Internal Control

Board*¹ in July 2023 as part of organizational restructuring. The board is tasked with the review of internal control, including the Group’s risk management*².

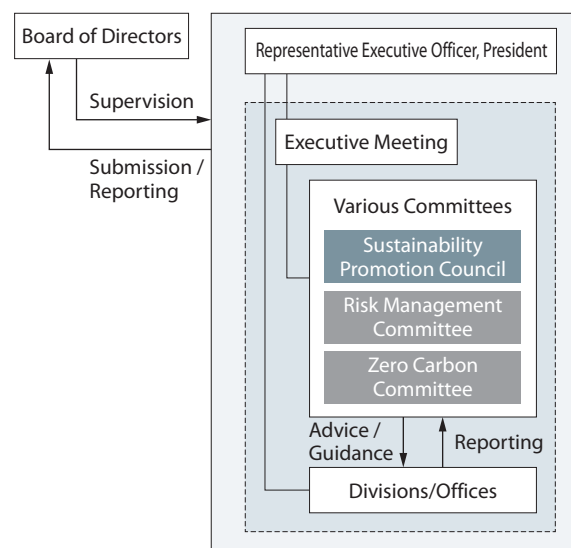
Zero Carbon Committee

Chaired by the president, the committee has set the Zero Carbon Roadmap to achieve the Kansai Electric Power Group Zero Carbon Vision 2050. Specifically, it is designed to share zero carbon initiatives, map out practical plans, and address climate change.

*1 For more details on the Internal Control Board, see page 106.

*2 For more details on risk management, see page 117.

Climate change governance system



Results from meetings held in fiscal 2022

Name of meeting	Frequency	Major climate change topics
Board of Directors	14 times*	• Management status of critical risk items
Sustainability Promotion Council	2 times	• Review of non-financial activities (ESG implementation, risk management review)
Risk Management Committee	3 times	• Identification and selection of critical risk items, including climate change risks • Review of the significance of risk items, monitoring and control of management status
Zero Carbon Committee	5 times	• Status toward achievement of group-wide zero carbon targets and review thereof • Decarbonization initiative status on supply and demand sides • In-house roadmap for fiscal 2023 • Future plans and challenges in the achievement of group-wide zero carbon targets

*Including meetings held for topics other than climate change

Executive compensation based on climate change performance

A performance-based executive compensation system is in place, the indexes of which concern CO₂ emission reduction amount and results from external ESG assessments.

Note: For details about executive compensation, refer to page 107.

Addressing Climate Change EX



Strategy

Identification of climate change risks and opportunities

With focus on climate change risks and opportunities in the energy sector, we identify 30 items that could impact the grid power market size, investment decisions, and existing assets for our core business (electric power business), taking into account changes and uncertainties in the future business environment. These items, moreover, are reviewed for their consistency with our materiality and risk items selected by each operating division to identify items involving significant impacts, reflected properly on the Group's strategy. The risks and opportunities involved are identified as follows by the Sustainability Promotion Council, with reference to classification based on the TCFD recommendations.

Risks

Category		Risk description	Occurrence period*1		High degree of impact*2
			Short to medium term	Long term	
Transition risks	Policies	Lower thermal power generation operation rates due to restrictions on CO ₂ emissions such as introduction of carbon prices	○	○	○
		Uncertain investment predictability due to intense competition and institutional changes with respect to renewable energy development	○	○	
	Technology	Lower demand for grid power due to widespread distributed energy resources, etc.		○	○
	Market	Lower sales of environmentally unfriendly products	○	○	○
	Reputation	Lower public acceptance of nuclear power generation		○	○
		Changes in reputation among customers due to increased CO ₂ emissions and emission factors	○	○	○
Physical risks	Acute	Higher restoration and countermeasure costs of power generation, transmission, and distribution facilities due to extreme weather events	○	○	
	Chronic	Lower hydropower generation operation rates due to changes in precipitation*3	—	—	

*1 Short to medium term: from present to 2030, Long term: from present to 2050.

*2 Evaluated based on the risk map (details on page 119). The evaluation, however, is not conclusive and is subject to change due to changes in external conditions such as national policies and energy affairs.

*3 Occurrence periods are not evaluated due to the chronic nature of the risks.

Opportunities

Category	Opportunity description	Occurrence period ^{*1}		High degree of impact ^{*2}
		Short to medium term	Long term	
Energy source	More competitive nuclear power generation	○	○	○
Products and services	Changes in electricity use associated with technological innovation in distributed energy resources, etc.		○	
Market	Increased opportunities for investment in renewable energy	○	○	
	Increased revenue opportunities associated with zero carbon initiatives, which accelerate progress in decarbonization technology	○	○	○
	Higher electricity demand due to increase in electrification	○	○	○
Resilience	Increased confidence of customers and society and the resulting business opportunities, all brought about by a resilient business foundation.	○	○	

Addressing Climate Change **EX**



Scenario analysis

Scenario setting

We have set scenario drivers to analyze climate change risks and opportunities from the viewpoints of future climate change predictions and the significance of their impact on our Group operations.

In predicting future climate change, we have selected two scenarios—the 1.5°C scenario of achieving carbon neutrality by 2050 and the 2°C scenario of partially reducing GHG emissions—taking into account recommendations by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

“Nuclear power operation” and “incorporation of zero-carbon technology into thermal power generation,” meanwhile, were selected as factors that could significantly impact our operations.

Based on the scenario drivers mentioned above, the following scenarios are in place to analyze climate change risks and opportunities.

Scenario analysis results

The 1.5°C scenario suggests that regardless of nuclear power operation and incorporation of zero-carbon technology into thermal power generation, emissions will increase by about 60% from 2021 levels. On the demand side, promoting energy conservation and improving the electrification rate (to 55-58%) are key in achieving carbon neutrality, while on the supply side, renewable energy levels fluctuate significantly according to the two factors mentioned.

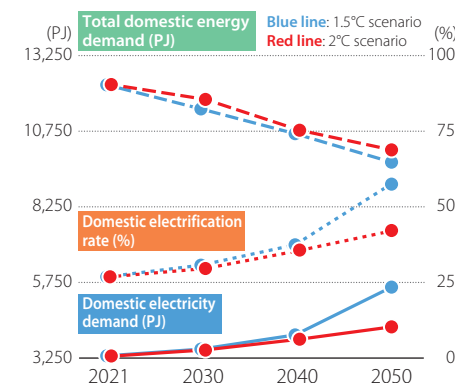
Likewise, the 2°C scenario suggests that electricity demand will increase by about 10% from 2021 levels. On the demand side, the electrification rate stands at about 46% due to less stringent regulations on GHG emissions—a relatively mild increase compared to the 1.5°C scenario. On the supply side, renewable energy needs to be promoted due to decreased thermal power sources associated with delays in incorporating zero-carbon technology into thermal power generation, though GHG emission regulations are less stringent compared to the 1.5°C scenario.

The 1.5°C scenario, therefore, involves more ambitious measures and innovation to achieve the targets, in comparison with the 2°C scenario.

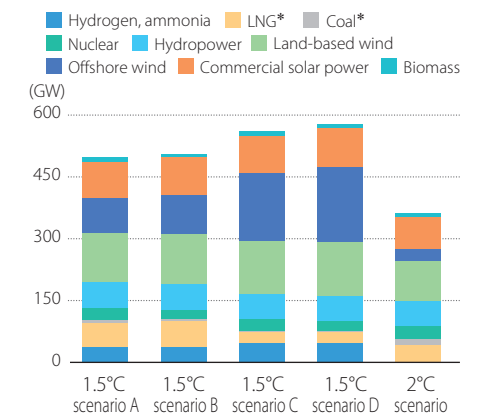
Note: This scenario analysis is based exclusively on potential future events and therefore does not guarantee the results.

	GHG emission regulations	Nuclear power operation	Zero-carbon technology incorporated in thermal power	Description
1.5°C scenario A	1.5°C Achieving carbon neutrality by 2050	Full operation	Progress	• Scenario involving measures and innovation progress toward carbon neutrality • Our envisioned main scenario
1.5°C scenario B		Controlled operation	Progress	• Scenario reviewing impact from nuclear power operation
1.5°C scenario C		Full operation	Delay	• Scenario where the effects of incorporation of zero-carbon technology are reviewed
1.5°C scenario D		Controlled operation	Delay	• Scenario where both nuclear power operation and incorporation of zero-carbon technology lag behind • Scenario involving the most challenging conditions toward carbon neutrality achievement
2°C scenario	2°C 80% reduction in 2050 (from FY 2013 levels)	Full operation	Delay	• Scenario where the most significant impact is expected on our operation in the 2°C scenario, which involves less stringent GHG emission regulations compared to the 1.5°C scenario

Total domestic energy demand up to 2050 and trends in electrification and electricity demand



Installed capacity by power source in 2050



*Zero-carbon power source in the 1.5°C scenario

Addressing Climate Change



Financial impacts

Taking into account the climate change risks and opportunities identified and the results of scenario analysis, the following summarizes factors that could impact the Group's financial conditions, and countermeasures in place.

Category		Major factors impacting financial performance		Scenario with the most significant impact toward 2050	Financial information	Ongoing measures, etc.
Risks	Policies	Sales and revenue fluctuate, with stringent GHG emission regulations, etc. influencing the operation of thermal power plants.	Thermal power plants turning into stranded assets	1.5°C scenario C/D Reason: Installed capacity of domestic thermal power generation minimizes while the risk of our facilities turning into stranded assets maximizes in 2050.	●Percentage of coal-fired power generation in the power generation mix: 6% (FY 2022)	●Efforts toward co-firing and exclusive firing of zero-carbon fuels ●Evaluation of CCUS technology and consideration of its implementation
			Increased power generation cost due to the introduction of carbon tax	2°C scenario Reason: Thermal power generation output maximizes during the transition period.	●Percentage of thermal power generation output in the total output: 53% (coal: 12%, LNG: 36%, petroleum: 5%) (FY 2022) ●A cost increase of about 420 billion yen is expected with no reductions in CO ₂ emissions*1.	
	Technology	Widespread introduction of distributed power sources accelerates local power generation for local consumption, resulting in decreased sales and revenue due to lower demand for grid power.		1.5°C scenario D Reason: Local power generation for local consumption progresses with the highest installed capacity levels of distributed solar power.	●A one percent decrease in the amount of retail electricity results in a sales loss of about 23.4 billion yen*2.	●Sales promotion and expansion of energy management services along with those of distributed energy solutions such as on-site solar PPA and grid storage batteries ●The joint-venture E-Flow was established in April 2023 to help customers optimize their distributed energy resources. ●Risks involving loss of wheeling revenues due to lower demand for grid power are minimized by properly responding to systems, etc., a means to secure profits.
	Acute	Cost increase resulting from intensified natural disasters		2°C scenario Reason: More GHG emissions are emitted, compared to the 1.5°C scenario, while climate change-induced natural disasters occur more frequently.	●Loss due to damage caused by Typhoon No. 21 in 2018: Approx.12.8 billion yen	●Initiatives to ensure expedited recovery from disasters (group-wide comprehensive emergency response drills, etc.) ●Increasing resilience of power transmission and distribution facilities to minimize damage from disasters ●Securing revenue for disaster recovery costs by appropriately accommodating institutional changes, etc.

*1 With the carbon price tentatively set at 16,900 yen/t-CO₂ according to the IEA's Net Zero by 2050: A Roadmap for the Global Energy Sector (revised in October 2021), the cost of effects is calculated assuming that CO₂ emissions from our power generation operations remain unchanged at about 24.7 million tonnes (fiscal 2022).

*2 Calculated based on light and power revenue in fiscal 2022 (2,344.6 billion yen)

Addressing Climate Change **EX**



Category	Major factors impacting financial performance	Scenario with the most significant impact toward 2050	Financial information	Ongoing measures, etc.
Opportunities				
	Sales and revenue increase, with nuclear power becoming more competitive and nuclear power plants operating as scheduled.	1.5°C scenario A/C 2°C scenario Reason: Nuclear power plants operate at the highest levels, resulting in increased sales and revenue opportunities.	A one percent increase in the nuclear power utilization rate reduces fuel costs by about 7.9 billion yen (FY 2022).	<ul style="list-style-type: none"> Initiatives to restart nuclear reactors, improve their operations, and install, expand, or replace nuclear power plants
	Investment opportunities increase for the development of new renewable power sources.	1.5°C scenario D Reason: Investment opportunities abound, with the highest installed capacity levels of renewable energy.	<ul style="list-style-type: none"> Renewable energy investment target: one trillion yen by 2040 Renewable energy investment target (installed capacity): 5 GW scale to be newly developed in Japan with a cumulative 9 GW scale by 2040 	<ul style="list-style-type: none"> Developing renewable energy in Japan with a focus on offshore wind power
	Sales and revenue increase, with expanded electrification boosting demand for grid power.	1.5°C scenario A/C Reason: Sales and revenue opportunities increase, driven by the highest levels of demand for grid power.	<ul style="list-style-type: none"> A one percent increase in the amount of retail electricity results in a sales increase of about 23.4 billion yen*. 	<ul style="list-style-type: none"> Promotion and expansion of solution services such as electrification proposals for households, utility services for corporations, and EV packages

*Calculated based on light and power revenue in fiscal 2022 (2,344.6 billion yen)

Addressing Climate Change EX



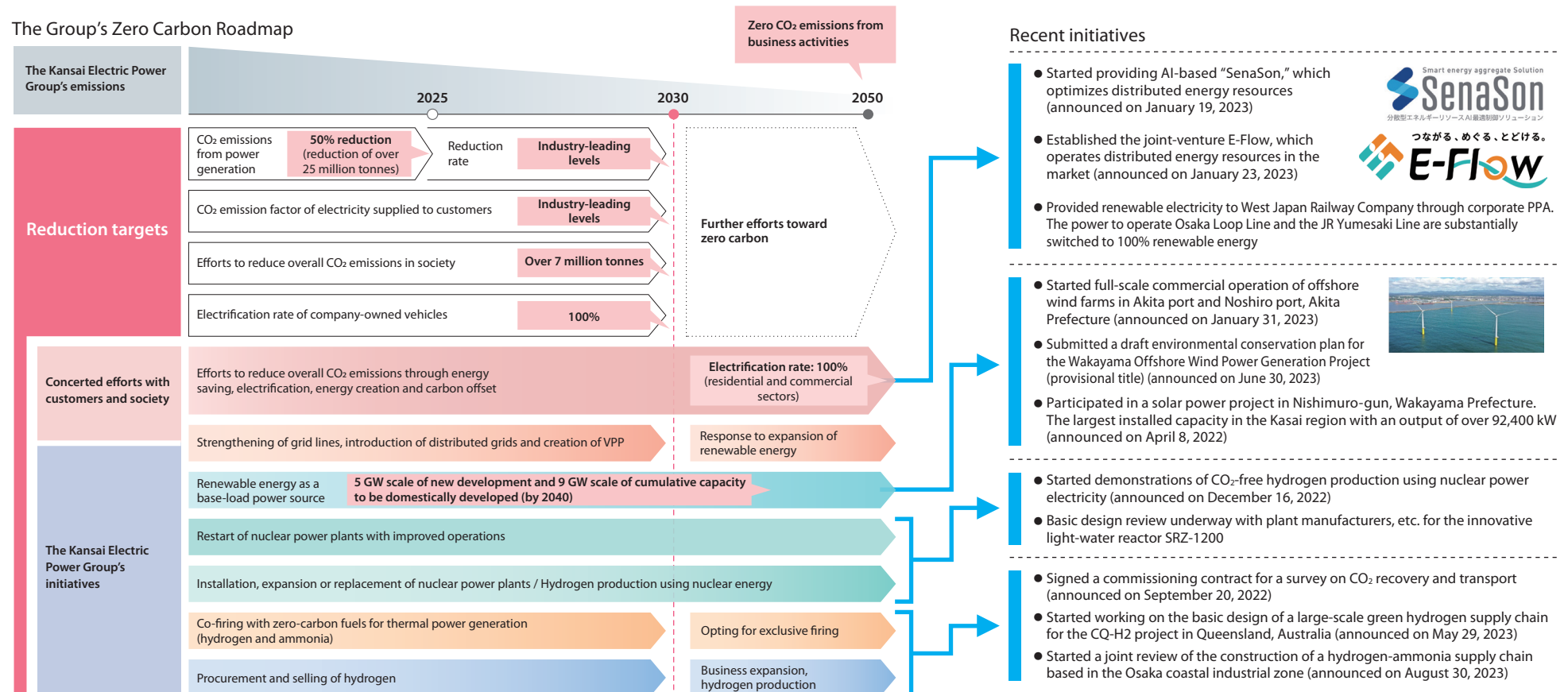
The Group's climate change strategies

The Group's businesses are thus capable of securing resilience both in the 1.5°C scenario and in the 2.5°C scenario through cooperation with customers and communities and through the Kansai Electric Power Group's own initiatives, such as renewable energy, nuclear power, and zero-carbon thermal power generation. All of the efforts mentioned above are reflected properly in our climate change strategies, including the Kansai Electric Power Group Zero Carbon Vision 2050 and the Kansai Electric Power Group Zero Carbon Roadmap.

In addition, efforts are underway to promote nuclear energy, introduce thermal power generation decarbonization technology, and expand new development of renewable energy, each being key to realizing the 1.5°C scenario. We are thus potentially capable of achieving carbon neutrality in a relatively advantageous position by 2050, based on the perspective of "S+3E."

Focusing on "S+3E," we are committed to achieving carbon neutrality while flexibly adjusting our strategies to achieve progress in our initiatives, technological development, energy policy trends, etc.

The Group's Zero Carbon Roadmap



Addressing Climate Change **EX**



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.

The Internal Control Board was established in July 2023 to review internal control, including the Group's risk management. The board consists of the specialized corporate divisions and operating divisions, which together supervise the Group's risk management, such as risk management plans.

For more information about risk management, refer to page 117.

Metrics and targets

We work together with all stakeholders to realize the Kansai Electric Power Group Zero Carbon Vision 2050 and help society shift to carbon neutrality. To this end, we have developed the Zero Carbon Roadmap along with the targets shown below. We also set internal control indexes in fiscal 2023 for zero carbon initiatives to monitor progress toward the goals.

In addition, we will set targets for reducing GHG emissions by 2030 and update the roadmap as needed.

Zero CO ₂ emissions from our business activities (by 2050)	
Targets set in the Zero Carbon Roadmap	
Targets	Recent results
Reduce CO ₂ emissions from power generation by 50% by FY 2025 (compared to FY 2013) and maintain industry-leading reduction levels.	<ul style="list-style-type: none"> CO₂ emissions from the Group's power generation: Approx. 24.7 million t-CO₂ (FY 2022) Reduction from FY 2013 levels: 49%
Provide services to help customers and society reduce CO ₂ emissions by over 7 million tonnes (by FY 2030).	<ul style="list-style-type: none"> Approx. 1.9 million t-CO₂ (FY 2022)
Decrease the CO ₂ emission factor of electricity supplied to customers to industry-leading levels (by FY 2030).	<ul style="list-style-type: none"> CO₂ emission factor (adjusted): 0.420 kg-CO₂/kWh (FY 2022)*¹
Completely electrify over 5,000 vehicles owned by the Group (by FY 2030).	<ul style="list-style-type: none"> Electrification rate: Approx. 9% (FY 2022)*²
New development of renewable energy domestically at a 5 GW scale and achievement of a 9 GW scale of cumulative capacity (by 2040).	<ul style="list-style-type: none"> Started generating about 3.83 GW (FY 2022)
<p>*1 Reported to the government in compliance with the Act on Promotion of Global Warming Countermeasures, etc. *2 The electrification rate of the fleet at the Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc.</p>	

We endorsed the GX League Basic Concept in March 2022, which aims to create a society where corporate companies work on decarbonization for sustainable growth. With this concept in place, a provisional emission trading scheme was launched in fiscal 2023 to encourage companies to achieve their voluntary reduction targets. We have therefore set the following three targets for reducing GHG emissions, which were submitted in September 2023.

Reduction target levels* ① 2023-2025 total: 70.66 million t-CO₂eq
 ② FY 2025: 21.35 million t-CO₂eq (-55% from FY 2013 levels)
 ③ FY 2030: 14.00 million t-CO₂eq (-70% from FY 2013 levels)

*Total of annual direct (Scope 1) and indirect (Scope 2) emission targets submitted to the GX League

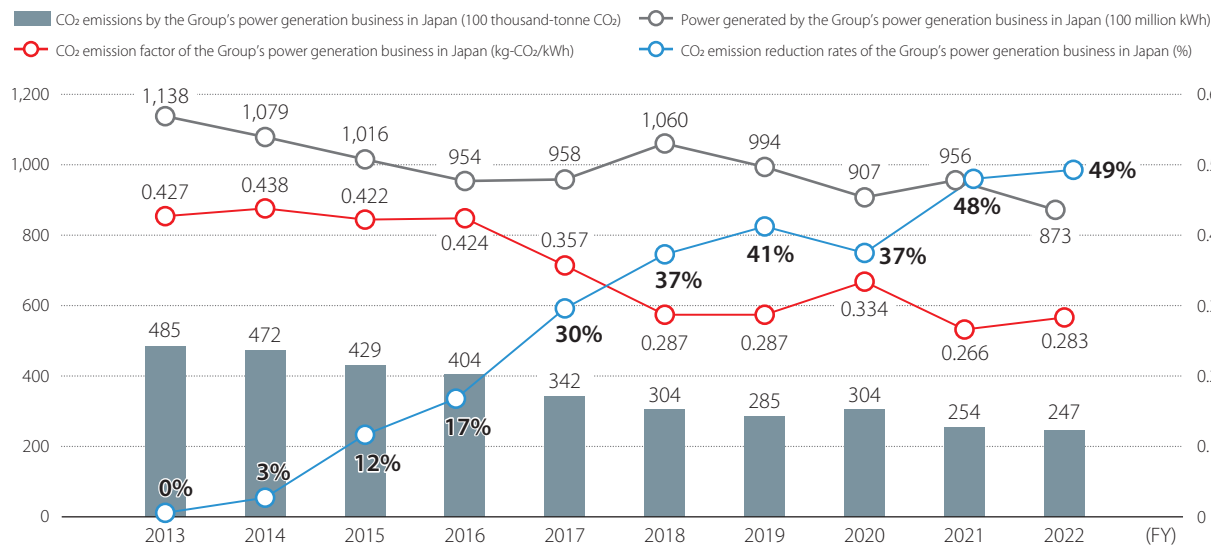
Addressing Climate Change EX



Recent performance

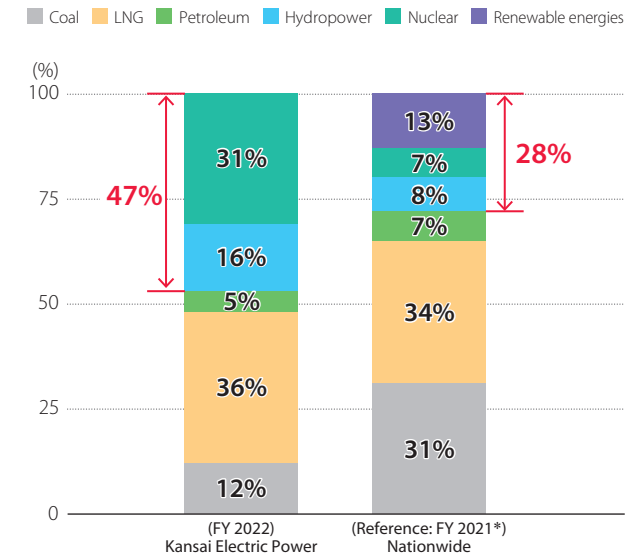
The Group's CO₂ emissions originating from its domestic power generation business amounted to around 24.7 million tonnes in fiscal 2022, registering a 49% decrease from benchmark levels in fiscal 2013. Non-fossil fuel power generation accounts for as much as 47% of our total output. As a leading company in zero-carbon energy, we will continue to ensure safe, stable operation of our nuclear power plants, developing and introducing renewable energy.

CO₂ emissions from the Group's* power generation and related factors



*The figures representing the Group's power generation in Japan are calculated according to the ratio of capital contribution (power generation by companies in which we have less than a 50% stake is excluded for fiscal 2022).

Ratio of non-fossil fuel power generation



*The nationwide breakdown is derived from General Energy Statistics from the Agency for Natural Resources and Energy. FY 2021 records were referred to, as FY 2022 records were not available at the time of publication.

GHG emissions (The Company and Kansai Transmission and Distribution, Inc.)		Unit	FY 2020	FY 2021	FY 2022
Direct greenhouse gas emissions (Scope 1)*1#2		10,000 t-CO ₂ eq	2,857.2	2,377.1	2,304.3
Indirect greenhouse gas emissions (Scope 2)*1#3		10,000 t-CO ₂ eq	0.6	0.5	0.5
Other indirect greenhouse gas emissions (Scope 3)*1#4		10,000 t-CO ₂ eq	2,409.9	1,924.2	3,126.1
Category 1	#5#14	10,000 t-CO ₂ eq	266.6 (159.9)	248.5 (143.4)	255.0
Category 2	#6#14		166.7 (158.8)	104.9 (99.9)	101.7
Category 3	#7#14		1549.8 (1561.6)	1147.6 (1151.2)	2,353.5
Category 4	#8		0.0	0.0	0.0
Category 5	#9		1.0	1.1	1.0
Category 6	#10		0.2	0.2	0.2
Category 7	#11		0.6	0.6	0.6
Category 8	#12		—	—	—
Category 9	#12		—	—	—
Category 10	#12		—	—	—
Category 11	#13#14		—	421.36 (347.5)	414.1
Category 12	#12		—	—	—
Category 13	#12		—	—	—
Category 14	#12		—	—	—
Category 15	#12		—	—	—

*1 The amount of greenhouse gases emitted in our entire supply chain is calculated in accordance with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.5) issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

*2 Direct GHG emissions (Scope 1) refer to emissions (energy-derived CO₂, SF₆ and N₂O emissions) reported by electric companies in line with the Act on Promotion of Global Warming Countermeasures along with CO₂ emissions from transportation fuel use, which are excluded from the reporting obligations. SF₆ emissions, which are factored in, are based on calendar year.

*3 Indirect GHG emissions (Scope 2) include CO₂ emissions originating from electricity and heat purchased from external corporations, which should be reported by electric operators in line with the Act on Promotion of Global Warming Countermeasures.

*4 Indirect emissions not covered by Scope 1 or Scope 2 (emissions from other corporations related to the business activities of the company concerned)

*5 Product/service price (purchased or procured) × emission intensity + total gas sales × emission intensity

With the interpretation of the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry) revised, records for the past fiscal years were adjusted. The figures in parentheses were determined before revision of the calculation method.

*6 Capital goods price × emission intensity

Records for the past fiscal years were adjusted due to the partial revision of the calculation method.

*7 Fuel/heat consumption × emission intensity + electricity purchased by other companies × emission intensity + emissions originating from electricity purchased by other companies for sale to end users

With the interpretation of the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry) revised, records for FY 2020/2021 were adjusted. The figures in parentheses were determined before revision of the calculation method.

*8 Fuel consumption × emission intensity

*9 Waste disposal volume × emission intensity + fuel consumption × emission intensity

*10 Number of employees × emission intensity

*11 (City classification-based) Σ (number of employees × operating days × emission intensity)

*12 Not applicable because of specific to our business

*13 Total gas sales × emission intensity

Records for the past fiscal years were adjusted due to partial revision of the calculation method.

*14 The figures in parentheses were determined before revision of the calculation method.




Third Party Assurance

Direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2) in FY 2022, both with , are certified by an independent third party, Deloitte Tohmatsu Sustainability Co., Ltd. in the Kansai Electric Power Group Integrated Report 2023 (Japanese ver.) <https://www.kepcoco.jp/corporate/report/integrated/>

Addressing Climate Change EX

Green bond issuance

We further promote initiatives presented in the Zero Carbon Vision 2050 by leveraging SDG financing. As a leading company in zero-carbon energy, we are committed to working toward a more sustainable society.

Kansai Electric Power Green Bond	Issuance date	Tenor	Issuance amount	Interest rate	Use of proceeds	Association with SDG targets
The 547th bond	April 14, 2022	5 years	30 billion yen	0.330%	Development, construction, operation, and renovation of renewable energy projects (hydro-, wind-, and solar-power); survey and demonstration of hydrogen-related projects; energy creation/storage promotion projects	  
The 548th bond	April 14, 2022	10 years	25 billion yen	0.574%		
The 556th bond	July 20, 2023	10 years	20 billion yen	0.900%		
The 558th bond	September 7, 2023	10 years	20 billion yen	1.073%		

Allocation status of proceeds and environmental benefits (As of March 31, 2023)

◆ Allocation status of proceeds

Kansai Electric Power Green Bond	The 547th bond	The 548th bond
Financing amount (net proceeds)	29.9 billion yen	24.9 billion yen
Allocated amount	29.9 billion yen (allocation completed)	24.9 billion yen (allocation completed)
Refinancing amount	24.8 billion yen	20.6 billion yen

◆ Businesses to be financed

Supply side	Renewable energy	Hydropower plants	Number of cases: 73 Installed capacity: 1,699 MW	Number of cases: 104 Installed capacity: 2,767 MW
		Wind power plants	Number of cases: 1 Installed capacity: 138.6 MW	Number of cases: 2 Installed capacity: 706 MW
		Solar power plants	Number of cases: 1 Installed capacity: 92.4 MW	Number of cases: 2 Installed capacity: 21.8 MW
	Hydrogen business		—	R & D
Demand side	Renewable energy		Number of cases: 1 ● Services where our solar power equipment is installed on the rooftop of a corporate customer's building, etc., with operation and maintenance services provided	Number of cases: 1 (Same as on the left)

◆ Environmental benefits

CO ₂ emission reductions	Supply side	Renewable energy	Hydropower plants	5,072,935 t-CO ₂ /year	
			Wind power plants	1,848 t-CO ₂ /year	—
			Solar power plants	27,930 t-CO ₂ /year	126 t-CO ₂ /year
	Demand side	Renewable energy		1,987 t-CO ₂ /year	
Outline of the demonstration	Supply side	Hydrogen business		—	<ul style="list-style-type: none"> ● Demonstration of power generation by co-firing and exclusive firing of hydrogen ● Joint development and survey of new hydrogen production technology ● Verification research on businesses capitalizing on surplus electricity and green hydrogen ● Search for locations suitable for hydrogen production

Commitment to Solutions



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 for home use, businesses and communities.

Services for residential customers

We offer a variety of services to help customers live comfortably, conveniently, and cost-efficiently. These include electric charging plans tailor-made to suit customers' lifestyles, combined price plans for gas and electricity, and a subscription plan (Hapi e Set, Hapi e Set Solareji) for promotion of electrification toward zero carbon, which combines a fixed amount of electricity, the lease of the energy-saving electric hot-water supply system EcoCute, and solar power generation equipment.

We also offer services, such as dispatch of support personnel to customers experiencing problems (sudden power outages, etc.) and operating the Kanden Kurashi Mall for the convenience of customers. These are all designed to help customers live a fulfilling life, with solutions available that are specifically made in response to customers' needs and lifestyles.

As an energy company, we are committed to improving these services for customer satisfaction.

Hapi e Set



The Hapi e Set is an electrification subscription plan comprises a "fixed amount of electricity" and the "lease of electric appliances" (energy-saving electric hot-water supply system EcoCute, etc.), where customers are free to choose an electric charging plan and electric appliances according to their lifestyle needs. It is a 10-year, fixed-rate plan of electrification that ensures a safe, comfortable, and convenient life.

Hapi e Set Solareji



The Hapi e Set Solareji, a new packaged plan comprising a "fixed amount of electricity" and the "lease of equipment" (solar power generation equipment, etc.) is designed for newly built residential housing.

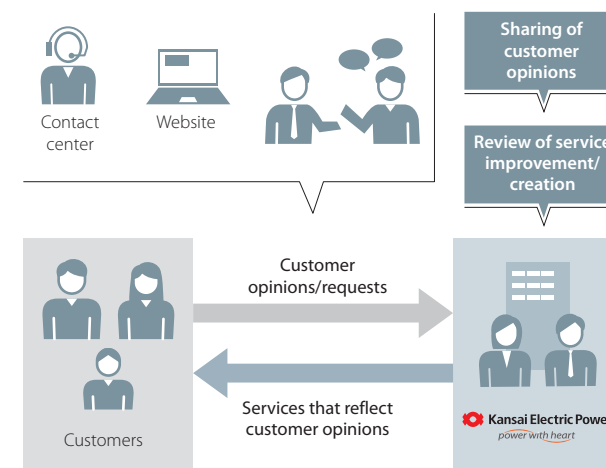
Kanden Kurashi Mall



The Kanden Kurashi Mall is an EC mall that helps customers solve problems in their daily lives. It consists of services offering in "real estate and housing," "insurance," "housekeeping support," "life support" and "healthcare and learning," offering wide-ranging services to provide solutions to customers.

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.



Number of services improved and created based on customers' feedback
2022. 4 – 2023. 3 results

53

Commitment to Solutions

Services for corporate customers

The “Zero Carbon Package” solution

While we are committed to working together with customers and communities to realize decarbonization and carbon neutrality, we offer solutions (Zero Carbon Package) made specifically to meet their needs. These range from consulting and planning services for CO₂ emission reduction to support for implementing specific measures.

The Zero Carbon Package provides solutions for each stage of CO₂ emission reduction: ① “visualization” of energy, ② “production” of energy, ③ “conservation” of energy, and ④ “switching” energy.

As for the ① “visualization” of energy, we collaborate with Zeroboard Inc. in providing the cloud service “zeroboard,” which calculates and visualizes CO₂ emissions based on international GHG protocol; CO₂ emissions originating from customers’ operations are visualized and analyzed to develop the best possible reduction solution. In addition, we will help customers calculate and visualize CO₂ emissions originating from their supply chains, products, and services.

On-site solar power generation services are also available for the ② “production” of energy. Customers have on-site solar power generation equipment installed by the group company Kanden Energy Solution Co., Inc. (hereinafter, “Kenes”) and use the electricity generated, with the bill charged according to the amount they use. Many customers opt for these services as they are very convenient. (For details, refer to “Concrete measures” on page 52.)

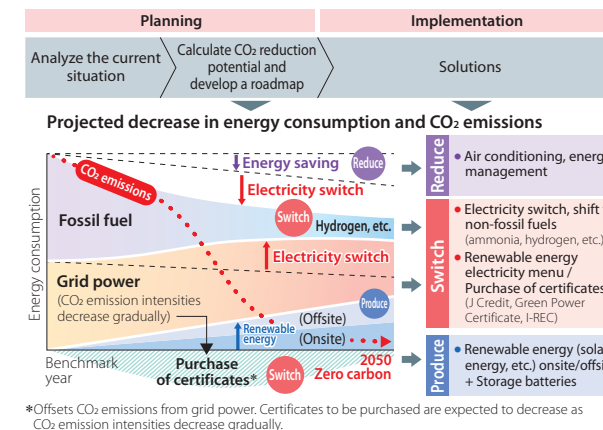
“SenaSon,” an AI-based system optimizing operations of distributed energy resources, made its debut in April 2023 for the ③ “conservation” of energy. It is designed to control energy resources such as solar power equipment, storage batteries, EVs, air-conditioning units, and production facilities*¹.

For ④ “switching” energy, Kenes’ utility services implement electricity switching at fossil fuel facilities. They take care of design, financing, and construction of facilities involving electricity switching, providing follow-up services spanning from tuning to operation and maintenance. Additional plans for offsetting CO₂ emissions through CO₂-free electricity are also available for electricity used in facilities that have completed the transition to electricity. The renewable energy certificate “I-REC,” which is valid in more than 50 countries (primarily Asian countries), moreover, is obtained for overseas customers while the value of renewable energy electricity is provided.

In addition to these services, the Zero Carbon Package provides various solutions that meet customers’ needs. It is available nationwide, not just limited to the Kansai area, and has been utilized by many customers.

*1 Solar power generation equipment and storage batteries are subject to control as of the end of April 2023, and EVs and air-conditioning units to be added by the end of fiscal 2023. More equipment will be added in the near future.

Zero Carbon Package

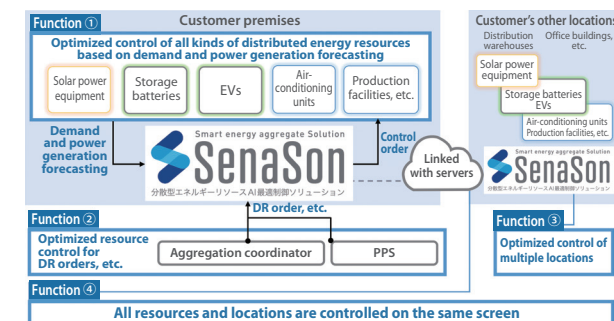


Providing SenaSon

SenaSon (Smart energy aggregate Solution), which was released in April 2023, controls all kinds of distributed energy resources in real-time, thereby helping customers reduce CO₂ emissions and save energy.

Compatible with the DR*² order, it also reduces constraints in power systems caused by increased introduction of renewable energy, contributing to realize a decarbonized society.

*2 Demand Response: Energy resources are controlled to strike a balance between supply and demand of electricity, with demand patterns adjusted accordingly.



Commitment to Solutions

Concrete measures

<Example of on-site solar power generation services provided>

Nikken Kosakusho Works, Ltd. came up with the slogan “Machining ECO” in 2009 to provide customers with products that contribute to saving energy and improving efficiency (energy and cost saving). As efforts are underway worldwide to promote decarbonization and achieve SDGs, the company is committed to further pursuing “Machining ECO.” As part of its commitment, the company decided to start studying introduction of a solar power generation system.

The company emphasized cost-effectiveness as well as energy-saving performance when planning the system. As a result of reviewing our estimation, the company found it sufficiently cost-effective and adopted our “on-site solar power generation services,” of solar panels with a total area of 20,000 m² and a capacity of 1,920 kW, which were installed on the rooftop of the company’s main plant in January 2022. Storage batteries are also in place to prepare for power outages during disasters, etc., which are estimated to be capable of supplying electricity for lighting fixtures and air-conditioning units at offices, and servers for about five hours. The company think they are effective for emergency response measures as these systems ensure the safety of employees and information securities.



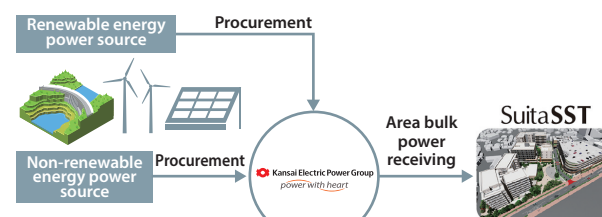
Nikken Kosakusho Works’ trade name and solar panels on the rooftop

Services for customers in the community sector

We are developing new solutions, taking into account the challenges and needs of customers and local communities, while working on sustainable, attractive urban development through our community business, which coordinates and provides company attraction programs (for vitalizing the Kansai economy and creating electricity demand) and the Group’s wide-ranging proprietary solutions.

Japan’s first Renewable Energy 100 Town Suita Sustainable Smart Town inauguration

Japan’s first Renewable Energy 100 Town was launched in April 2022, where area bulk power receiving, renewable energy, and non-fossil fuel certificates are used to power the whole town virtually and exclusively with renewable energy. Solar power generation facilities, storage batteries, and EVs, meanwhile, contribute to improving resilience to emergencies.

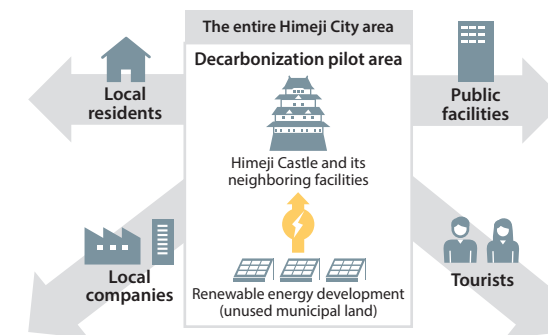


Supplying renewable electricity (virtually 100%) by leveraging non-fossil fuel certificates

Close to zero CO₂ emissions at World Heritage and National Treasure Himeji Castle

Our Company and the Himeji municipal government jointly applied to the Decarbonization Pilot Area Program, hosted by the Ministry of the Environment, and Himeji City was designated as one of the first pilot areas.

We will be addressing the needs and challenges of Himeji City to come up with specifically made solutions, thereby virtually eliminating all CO₂ emissions from power consumption at Himeji Castle and its neighboring public facilities by fiscal 2026.



Creating a decarbonization domino, originating from a zero carbon castle

Energizing the Kasai economy by attracting data centers and creating demand for electricity

While the increasingly digitalized society is resulting in an exponential increase in the amount of data, there has been a construction boom for data centers, where telecommunication equipment operates 24 hours a day, 365 days a year, consuming a massive amount of electricity.

We have been providing services to data centers for a long time through the course of our business, working to create electricity demand in the Kansai area and provide solutions specially developed by the Group. These efforts have led to the development plan for the Optage Sonezaki Data Center, which was announced in fiscal 2022.

Commitment to Solutions

Providing area value improvement and community delivery services in Smart Eco Town Hoshida

"Area value improvement services" were launched in the Smart Eco Town Hoshida, which is being developed by Kanden Realty & Development. These services include town security maintenance and car-sharing service provided jointly with other companies, all designed to support community development and management.

"Community delivery services" are also available on a trial basis to support shopping and improve convenience in the town and peripheral areas. Through these services, we are committed to creating a community that satisfies the residents and the companies making inroads.

Leveraging community mobility data and reviewing "last one mile transport" services

We are using data obtained from mobility sensors to monitor behavior changes and create prosperity in Sannomiya, Kobe, where redevelopment is underway. A new mobility system, for example, was introduced in February 2022 to improve the mobility and accommodation capabilities in the community, with mobility spots* demonstrated. Beverage and food delivery services were also demonstrated in October the same year for public spaces. Going forward, we intend to propose more marketing measures such as holding events to further revitalize the local economy.

* Spots to support the movement of people, each equipped with functions other than mobility platforms, such as a telecommunication base station and rest area as well as a transport node, which promotes the movement of people.

Participating in the Toyooka City Area Micro Grid Project, etc.

An area micro grid will be constructed in the Toyooka City Hub Industrial Park to improve the resilience of the area and

promote renewable energy. We, therefore, will provide support for electricity self-sufficiency to prepare for power outages during disasters, etc. In addition, the wholly owned subsidiary E-Flow will help the industrial park operate large-scale storage batteries to generate revenue from trading.

We will utilize distributed resources including customer production facilities, solar power and other forms of renewable energy, storage batteries, and EVs to contribute to achieving zero carbon and striking a balance between supply and demand in electricity.

Services for customers in the transportation sector

Supporting electrification of business fleets

To help customers electrify their business fleet and, by extension, reduce CO₂ emissions from the transportation sector, we provide leasing services for EVs and their charging facilities along with EV Bus Package Services, which offer customers electric buses, charging facilities, and energy management as one package.

Supporting the switch to EVs



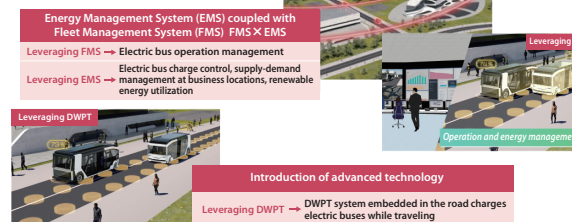
With this one packaged service helping customers electrify their business fleet, we provide solutions for challenges such as selection of vehicles, installation of charging and power source facilities, operation of the fleet, monitoring of electrification effects, and promotion of decarbonization.

Initiatives for mobility at Expo 2025 Osaka, Kansai

The Company will participate as one of sponsors in the Future Society Showcase Project Exhibition at Expo 2025 Osaka, Kansai. The project was adopted in July 2022 to demonstrate research and development supported by the Green Innovation Fund*¹, where 100 electric buses will be jointly operated with Osaka Metro Co., Ltd. and other companies inside and outside the venue. Newly developed technology will be demonstrated, including fleet and energy co-management, autopilot functions, and dynamic wireless power transfer, or DWPT.

In addition, we will install and operate*² the charging facilities for "flying cars" at the vertiport in the venue. We will continue to work on these future-oriented initiatives and promote electrification in the mobility sector to help realize a zero-carbon society.

Research and development (business overview)



2025: Participating in Expo 2025→2025 and beyond: Demonstration by city buses

- *¹ "Green Innovation Fund Project—Smart Mobility Society Construction," offered by the New Energy and Industrial Technology Development Organization (NEDO)
- *² Supporting operation of ORIX Corporation's flying car vertiports in the Expo 2025 venue

Commitment to Solutions VX

Participating in VPP business

Establishment of the limited liability company E-Flow

We established the E-Flow LLC in April 2023. Leveraging the results of VPP demonstration and the expertise derived from it, E-Flow specializes in trading and operation of distributed energy resources such as customers' production facilities, renewable energy (solar power, etc.) and large-scale storage batteries.

Specifically, E-Flow extracts untapped value from existing energy resources (customer production and power generation facilities, etc.) to alleviate issues related to tight electricity supply and demand and accommodate fluctuations in renewable energy output.

As for renewable energy resources such as non-FIT solar power plants, meanwhile, the services it provides include precisely predicting renewable energy output, which is susceptible to weather conditions, and providing maximum non-fossil value.

Taking into account the characteristics of individual storage battery (capacity, degradation risks, etc.), moreover, E-Flow improves the profitability of large-scale storage batteries with AI-controlled optimized operation systems, contributing to stabilizing electricity supply and further promoting renewable energy.

Participating in a storage station business

Utilizing the national government's subsidiary, we will have a stake in one of the largest storage stations in Japan (48 MW / 113 MWh) and E-Flow will be in charge of its operation. With this business, we will contribute to stabilization of electricity supply and demand and the further introduction of renewable energy.



Rendering of the planned storage station

Initiatives abroad

Cooperating with WASSHA Inc. in providing electricity services to areas without electricity in Africa

The Company entered into a business partnership with WASSHA Inc. in August 2019 to provide electricity services to areas without electricity in Africa, particularly in Tanzania, where solar panels are installed at grocery stores called "kiosks" for lease of LED lanterns equipped with solar-charged batteries to those living in areas without electricity.

We procure equipment such as LED lanterns to be leased to WASSHA, which seeks partnership with kiosks to have them introduce the leased equipment for promotion and expansion of the services.

We would like to expand the scope of this service business and explore the further value creation for it by utilizing our knowledge and expertise that have been accumulated in our electricity business over the years. At the same time, we are committed to contributing to sustainable growth of society by providing solutions to global social challenges such as SDGs and decarbonization.



Specific initiatives

We have been developing our business in a variety of areas internationally for over 20 years, not just limited to Japan.

Demand-side initiatives

As a demand side initiative, we started surveying energy management in Japanese companies' plants in Thailand in around 2016.

While companies are stepping up efforts to address environmental issues to achieve carbon neutral by 2050, there have been a growing number of customers who want to save energy and reduce CO₂ emissions, but do not have the systems required or cannot afford to implement them on their own.

Commitment to Solutions

Some of them do not even know where to start with energy management at their overseas plants.

We, therefore, established Kansai Energy Solutions (Thailand) Co., Ltd. (K-EST) in Bangkok in August 2018 and Kansai Energy Solutions (Vietnam) Co., Ltd. (K-ESV) in Ho Chi Minh in December 2021 to provide solutions primarily to Japanese plants operating in these countries.

Providing on-site services in Thailand and Vietnam with no initial investment

K-EST and K-ESV

K-EST and K-ESV serve Japanese customers that have business footholds (plants) in Thailand and Vietnam. They provide overseas solutions for solar power generation systems, co-generation systems (CGS), on-site control of water chillers and boilers, I-REC, energy-saving measures, etc. to help customers reduce energy use, costs and CO₂ emissions.

They also provide on-site services, where they own and operate facilities (solar power generation systems, CGS, boilers, etc.) installed at customers' plants, which in turn customers use the electricity and heat (steam, chilled water, etc.) generated by those facilities, with service fees paid to K-EST and K-ESV during contact periods.

K-EST and K-ESV have three major advantages.

First, no initial investment is needed, and cost-saving effects can be expected upon receiving the services. Second, being full-maintenance services, they eliminate facility maintenance work and costs. And third, solar power output and steam production are visualized.

K-EST and K-ESV, moreover, uses JCM (Joint Crediting Mechanism) facility subsidies in providing on-site services abroad.

Providing such services as part of JCM projects contributes to bilaterally reducing CO₂ emissions and alleviating the cost burden on customers.

JCM project examples

Our demand-side initiatives abroad started with services from K-EST, which introduced a co-generation system to Teijin Thailand Limited.

As a JCM project, a high efficiency 10 MW engine generator was installed at the Teijin Thailand plant.

With the services in place, Teijin Thailand Limited has shown a significant reduction in CO₂ emissions in addition to power supply in times of power outages, with CGS operating on its own. They all contribute to stable operation at the Teijin Thailand plant.

Through this project, we have proceeded to many other JCM projects such as installation of high-efficiency chillers/boilers and solar power generation systems.

More recently, we reached an agreement with Sumitomo Rubber (Thailand) Co., Ltd. on the implementation of solar power generation systems (about 22 MW) and CGS (about 13 MW). In addition, offering our Group's total solutions including I-REC procured by the Company, we help customers achieve carbon neutrality in electricity usage.

As for these projects, we cooperate with reliable local partners with the intent of passing on our technology to Thai technical staff. The objective is to introduce "Japan-quality" facilities and keep them operating efficiently. We are committed to expanding operations in target countries to help customers reduce energy use and CO₂ emissions in the long term.



Rendering of solar panels to be installed at Sumitomo Rubber (Thailand)

Promoting Innovation BX

We will create new value 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.

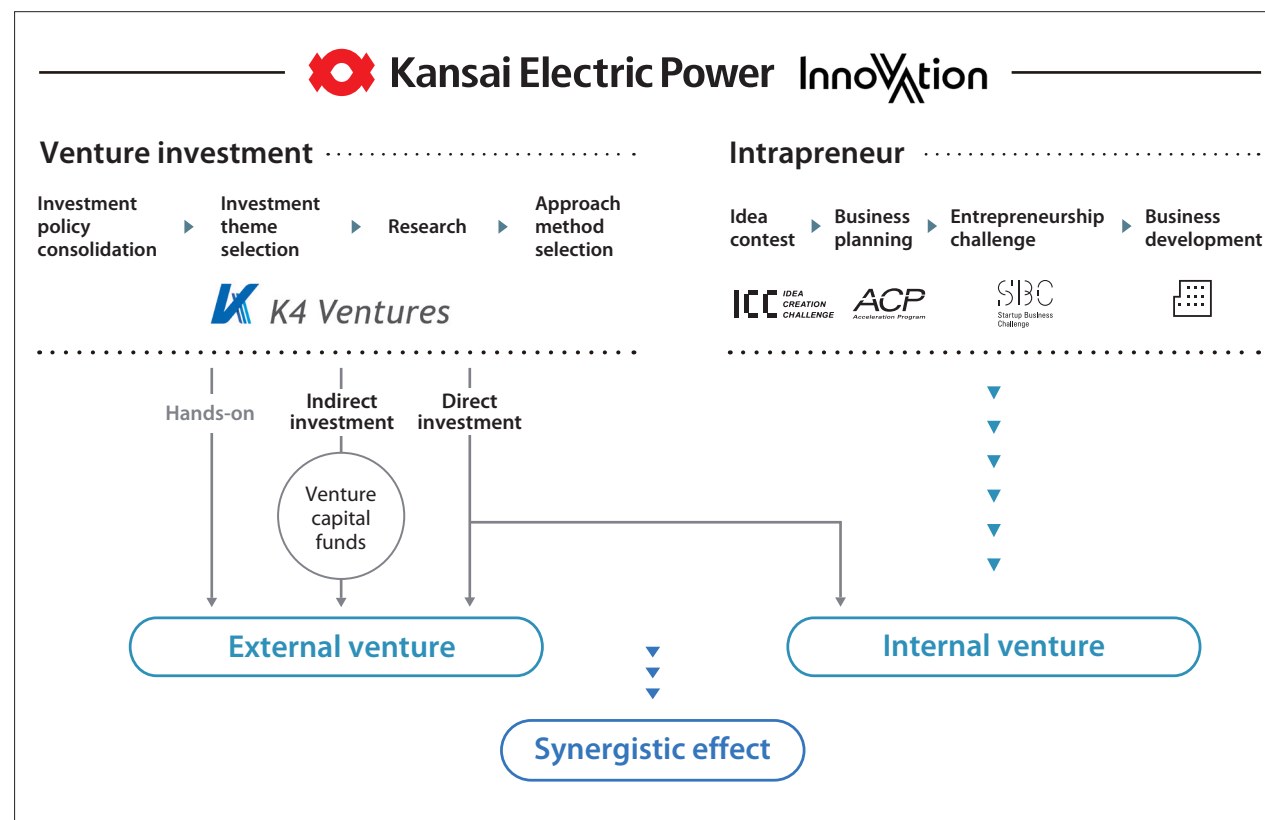
Cooperation with outside organizations and structural enhancements to promote innovation

In 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.

In addition to promoting, coordinating, and steering innovation across the Group, the Innovation Lab has been working to create new businesses and services not only in the energy field but also in non-energy fields in collaboration with external venture companies. In the energy field, we are moving ahead on the core business and looking into launching new businesses in peripheral areas such as solar and other renewable energy: hydrogen, storage batteries, data center, and CCCS.

In fields other than energy, we are engaged in business development activities aiming to contribute to solving social issues mainly in agriculture/food areas, drawing on the strengths of our core businesses.

Furthermore, we have recently integrated the Innovation Lab and the Office of Research and Development to form the Innovation Development Division, aiming to explore business and technological trends from a medium- to long-term perspective and adapt to changes ahead of others with a focus on commercialization. Through these efforts, we will accelerate innovation and create new value.



▶ See Special Feature "Establishment of Innovation Development Division" on page 35.

Promoting Innovation BX

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.

With its investment limit raised to approx. 11 billion yen to date, K4V will continue to support the growth of promising venture companies through investment, 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

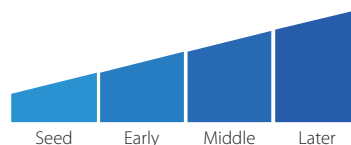
- Start-ups in existing business areas of integrated energy/power transmission and distribution, information and telecommunications, and life/business solutions that enable both start-ups and our Group to expect growth in businesses through collaboration
- Start-ups with innovative technologies, business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

Investment sectors

Batteries, mobility, robotics, AI, IoT, big data, agriculture and food, etc.

Target stage

Fundamentally all stages are targets



Investment track record

[Indirect investment]

Date of announcement	Investment location
2018. 6.20	EEI 4 Innovation & Impact Investment Business
2018. 9.19	Scrum Ventures 3 Fund
2019. 9.10	Global Catalyst Partners Japan 2 Fund
2020. 2.28	Future Food Fund 1
2022. 1.26	ANRI GREEN 1 Fund
2022. 6.30	ICJ 2 Fund
2022. 9.27	EEI 5 Innovation & Impact
2023. 3.23	Future Food Fund 2

[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 Inc.
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.
2021. 9.30	ALGO ARTIS CORPORATION
2021.11.30	WILLPORT Co., Ltd.
2022. 5.31	MEIJO NANO CARBON Co., Ltd.
2022. 5.31	PowerX, Inc.
2022. 6.30	SPACE ONE Co., Ltd.
2022. 6.30	SUCRECUBE Japon Inc.

2022. 8. 1	Clean Energy Connect, Inc.
2022. 8.31	EV Motors Japan Co., Ltd.
2023. 1.31	folofly, Inc.
2023. 2.15	Zeroboard Inc.
2023. 5.17	Kyoto Fusioneering Ltd.

Intrapreneur (internal entrepreneur) Promotion System

The Kanden Entrepreneurship Challenge System has been in operation since 1998, allowing employees in our Group to propose new business projects and going on to commercialize those projects that pass screening. From 2018 onward, the IDEA CREATION CHALLENGE, a contest to share new business ideas, and the Acceleration Program, which raises those ideas to the level of business plans, have been added, thus strengthening and promoting these systems that support internal entrepreneurship across those three steps. As of the end of July 2023, ten projects have been commercialized under the Kanden Entrepreneurship Challenge System. Of these, four companies are operating business as part of our Group.

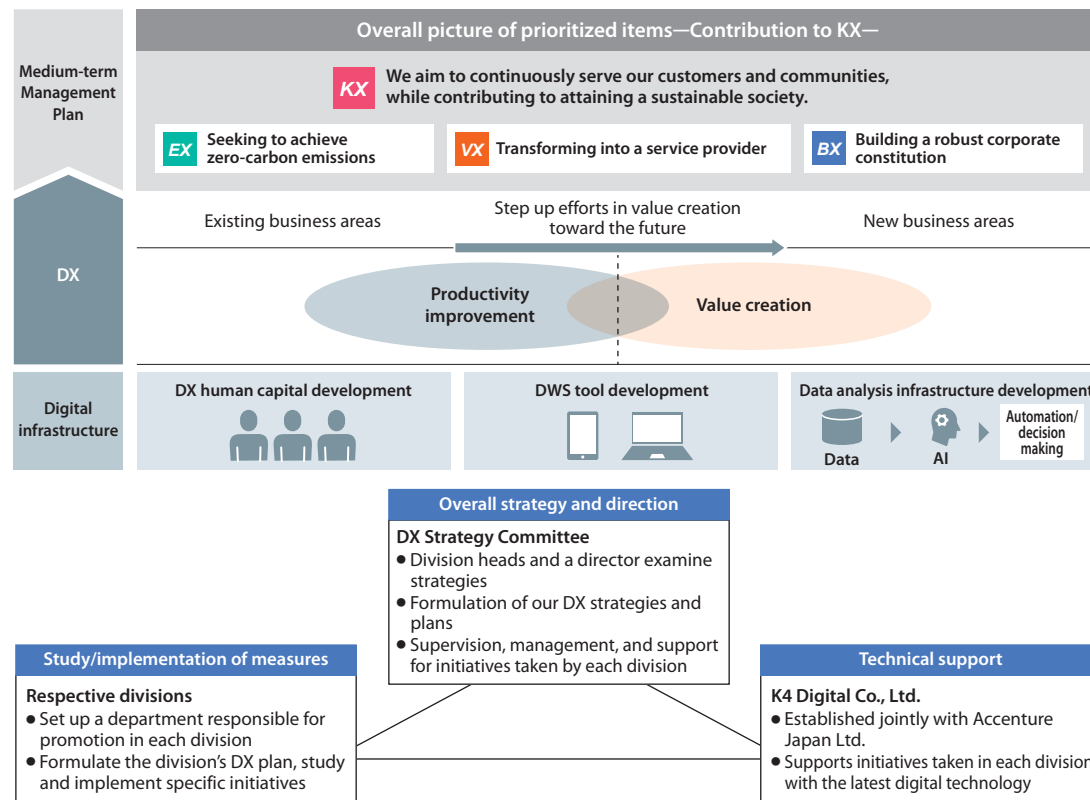
<Companies with ongoing business>

- Yaala Inc. established in October 2021
- TRAPOL Godo Kaisha established in October 2019
- Meteorological Engineering Center, Inc. established in September 2004
- Kanden-EL-Farm, Inc. established in January 2000

DX Strategy BX

Strategy formulation and promotion structure

At the Group, DX is positioned as an indispensable means for realizing the three pillars set forth in the Medium-term Management Plan (EX, VX, and BX). As a driving force for DX, the DX Strategy Committee was set up in 2018 and has been studying and sequentially rolling out specific initiatives through 31 rounds of discussion held as of the end of fiscal 2022. Additionally, in the same year, K4 Digital Co., Ltd. was established jointly with Accenture Japan Ltd. to draw on our internal and external expertise for supporting initiatives in our respective departments. In particular, while we have been focusing on initiatives that contribute to improving productivity, going forward we will further accelerate and bolster value creation initiatives as well.



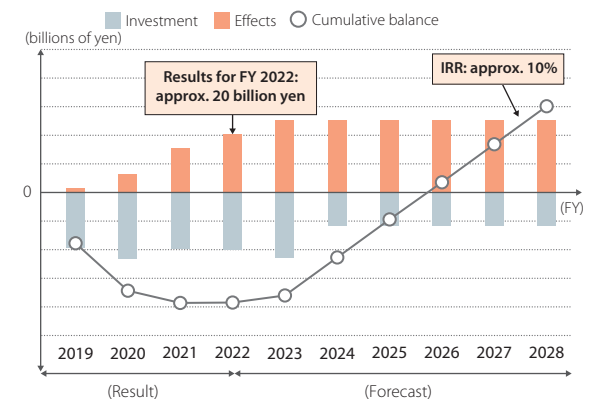
DX promotion status (Fostering awareness)

The Group holds a group-wide event "Digital Day" once a year, fostering awareness of DX promotion in presenting keynote speeches by other leading companies in DX, messages from our senior management in each division, introduction of DX case studies, and awards for key individuals in DX promotion.



DX promotion status (Achievement)

From the start of active investment in DX in fiscal 2019, we have been steadily achieving DX results of approx. 20 billion yen per year as of fiscal 2022. IRR is expected to be approx. 10%.



DX Strategy **BX**

DX promotion status (Human capital development)

For promoting DX, digital human resources are essential, with professional knowledge and expertise in digital technology. To solve business issues using data analysis and digital technology, the Group is working to develop and secure “highly-skilled DX human capital” and “DX promoters from respective operating divisions,” as well as to enhance DX literacy for all employees.

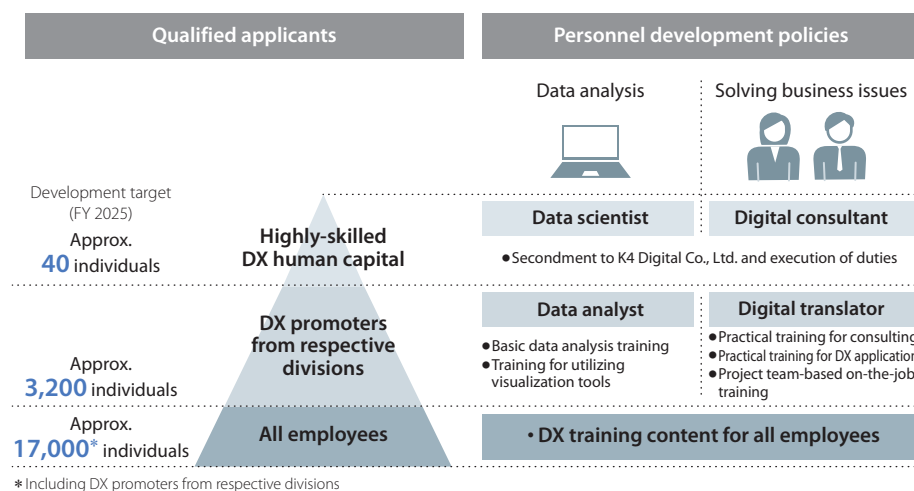
Highly-skilled DX human capital

Having defined the “data scientist” who can perform high-level data analysis and “digital consultant” who can make a specific plan and support the digitization of advanced business issues, we have seconded them to K4 Digital Co., Ltd. to execute their duties. We invite applications from employees with digital expertise for our in-house personnel system (Super Professional Career Challenge System), allowing them to exercise their expertise through duties appropriately

assigned. In this way, we are striving to secure highly-skilled DX human capital through mid-career recruitment and selection from our IT and other operating divisions. To date, we have secured 28 highly-skilled DX human capital. With the annual targets set, we aim to train 40 employees by the end of fiscal 2025.

DX promoters from respective divisions

Having defined the “data analyst” who can perform business data analysis and “digital translator” who can make a specific plan and support the digitization of business issues, K4 Digital Co., Ltd. is playing a central role in fostering DX promoters in respective operating divisions by providing them with training for data analysis and practical training for DX application. Thus far, approx. 1,200 DX promoters have been trained, and approx. 3,200 more will be trained by the end of fiscal 2025.

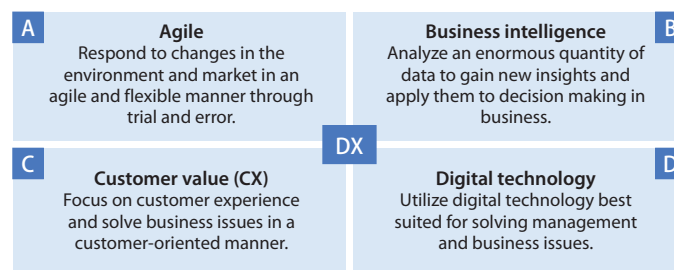


All employees (approx. 17,000 employees are qualified)

We have defined the “Kansai Electric Power’s ABCD for DX” (A: Agile, B: Business intelligence, C: Customer experience, and D: Digital technology) as the DX literacy that all employees of the Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc. should acquire.

As a strategy to ensure acquisition of DX literacy and reskilling for all employees, we are striving to improve the DX literacy of all employees by implementing DX training sessions (videos) required for all employees, and incorporating DX training (classroom lectures and workshops, etc.) into stratified training programs in cooperation with the Office of Human Resources and Safety Management.

We also plan to provide DX training for management (e.g., introduction of advanced DX case studies on a global scale).



DX Strategy BX

Specific DX case studies (Productivity improvement)

While the Company possesses a variety of assets (facilities and human resources), the environment surrounding the electric power industry is facing a number of challenges, including a decreasing workforce due to aging human capital, aging facilities, difficulty in handing down technology, and intensifying natural disasters. The decreasing workforce is a major challenge, in particular. With the number of mid-career and younger workers decreasing and experienced workers accounting for a majority in the workforce, it is already becoming difficult to pass on technology, and a large number of facilities need to be maintained by a smaller number of workers, posing a major challenge to us.

To solve this problem, it is necessary to reduce the overwhelming amount of work through operational reform, as well as realizing site maintenance work, which is difficult without skilled labor. To that end, we are devoted to Future Operation, a project to fundamentally reform business operations on a division-wide and cross-divisional basis by combining various digital technologies, led by our power generation divisions and Kansai Transmission and Distribution, Inc.

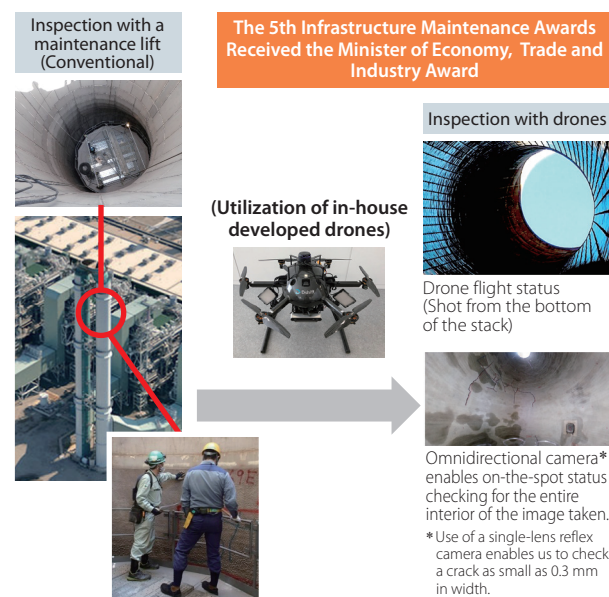
Future Operation envisions what we aspire to be from a medium- to long-term perspective, in view of future changes in our internal and external environments, and aims for transformation in the Group.

As an example of our efforts, we are promoting “smart security” to maintain and improve quality and systems with the use of the latest digital technology in security operations such as patrol inspections and troubleshooting. We have already introduced smart security for inspecting the inside of stacks in thermal power plants, and will continue to expand introduction in a variety of fields.

In the future, by utilizing image recognition, big data

analysis, and other forms of technology, and by transferring security capabilities, which have been human skills, to machines, we intend to minimize human intervention and further advance remote and automated operation.

Development of inspection methods for the inside of stacks of thermal power plants using self-flying drones



Specific DX case studies (New value creation)

The Group has developed K-VIPs+, a distributed service platform equipped with AI capability (hereinafter, “K-VIPs+”), to achieve optimal operation of distributed energy resources*1. This AI capability is an algorithm to calculate “when, in which market, and how we utilize resources for optimal facility operation.”

AI capability was developed jointly with an AI venture company that won a competition for AI achieving optimal operation of a grid storage battery. We developed and verified AI making full use of approx. 50 million records of data that reflect our knowledge of operation methods for different types of resources, market rules, etc., obtained from the past VPP demonstrations and actual transactions in various markets.

E-Flow*2 is ready to start optimal operation of grid storage batteries using K-VIPs+ by the end of fiscal 2023. This will contribute not only to improving profits but also to stable electricity supply and further expanded introduction of renewable energy sources.

*1: Renewable energy sources owned by customers such as solar power generation devices, storage batteries, electric vehicles (EVs), production facilities, etc.

*2: A new company established by the Kansai Electric Power Co., Inc. in April 2023 that specializes in the transaction and operation of distributed energy resources



Promoting Value Analysis (VA)

General overview of VA activities

The Group is promoting Value Analysis (VA) activities as part of its efforts to achieve cost reduction targets toward BX (Building a robust corporate constitute) as set forth in its Medium-term Management Plan.

In July 2021, with strengthened procurement functions, we started cost structure reform efforts in cooperation with our operating divisions and suppliers.

VA is an approach that includes collaboration from the planning stage between not just our procurement and operating divisions but also suppliers and other parties involved to thoroughly examine efficiency improvement in expenses, repairs, and capital investment for each operating division from all perspectives along the supply chain.

For example, in procuring materials and equipment, contracted construction work, etc., we analyze the cost structure with a focus on the original function and purpose and discuss ideas from many different angles. This has led to waste elimination through specification review, equalization of the amount of materials, logistics improvement, etc., realizing minimized costs.

Perspectives for cost reduction

Strategic perspective	Examples of viewpoints	Concrete examples
Change specifications	Change quantity	Examine closely to minimize man-hours required
	Change quality level	Reduce excessively demanding specifications
	Change method	Unify specifications among offices and with other companies
	Change special product to general-purpose product	Expand competitive orders through generalization
	Optimize life cycle cost, etc.	Cost evaluation and minimization throughout the life cycle
Change process	Change construction method	Simplified construction method, shortened construction period
	Change scope	Separation of materials and construction costs, integration of design and construction
	Change the timing of implementation	Avoiding demand concentration and periods of high prices
	Change request level, etc.	Relaxation of excessive quality requirements and supplier qualification levels

Change procurement method	Change purchasing method	Collective order, joint procurement, multi-year contract, etc.
	Change suppliers' competitive environment	Create competition, third-party, international procurement, etc.
	Work with suppliers to reduce costs	Cost reduction activities through collaboration
	Optimize supply chain	Total optimization of business process, including internal sales and outsourcing by group companies
	Strengthen bargaining power in price negotiation, etc.	Negotiation within assessed price range, comprehensive consensus building, etc.

Concrete measures

Example of cost reduction in maintenance services

Until now, the function of IT equipment used at our thermal power plants, such as general-purpose servers, has been ensured by renewal of equipment for which the manufacturer's warranty period has expired.

In considering the effective use of equipment beyond the manufacturer's warranty period, as a new initiative, we began to consider using a third-party maintenance provider (a company that provides services to prepare for possible failures by extending hardware maintenance periods after the manufacturer's warranty period expires).

In consideration of this, the Thermal Power Division and the Sourcing and Procurement Division collaborated to conduct research on third-party maintenance providers and technical investigation, and requested competitive quotes from multiple companies that were confirmed to have satisfied our required standards, achieving substantial cost reduction.

Example of cost reduction through cost engineering*1 by Kansai Transmission and Distribution, Inc.

Kansai Transmission and Distribution, Inc. undertakes cost engineering of procured products and engages in cost-cutting activities to achieve a win-win situation with suppliers. Through disassembly of equipment actually used and cost analysis based on a series of studies in line with the Sengen Principle (Three Actuals)*2, the company identifies cost-cutting potential and proposes changes in component structure, specifications, materials, etc., to its suppliers. This also encourages our suppliers to make counterproposals, collectively achieving cost reduction, including changes in types of contracts and equalization of order quantities.

Kansai Transmission and Distribution, Inc. and the Company's Sourcing and Procurement Division will continue to work together with the aim of becoming the industry's top runner in cost engineering by utilizing internal and external knowledge.



Cost engineering workshop

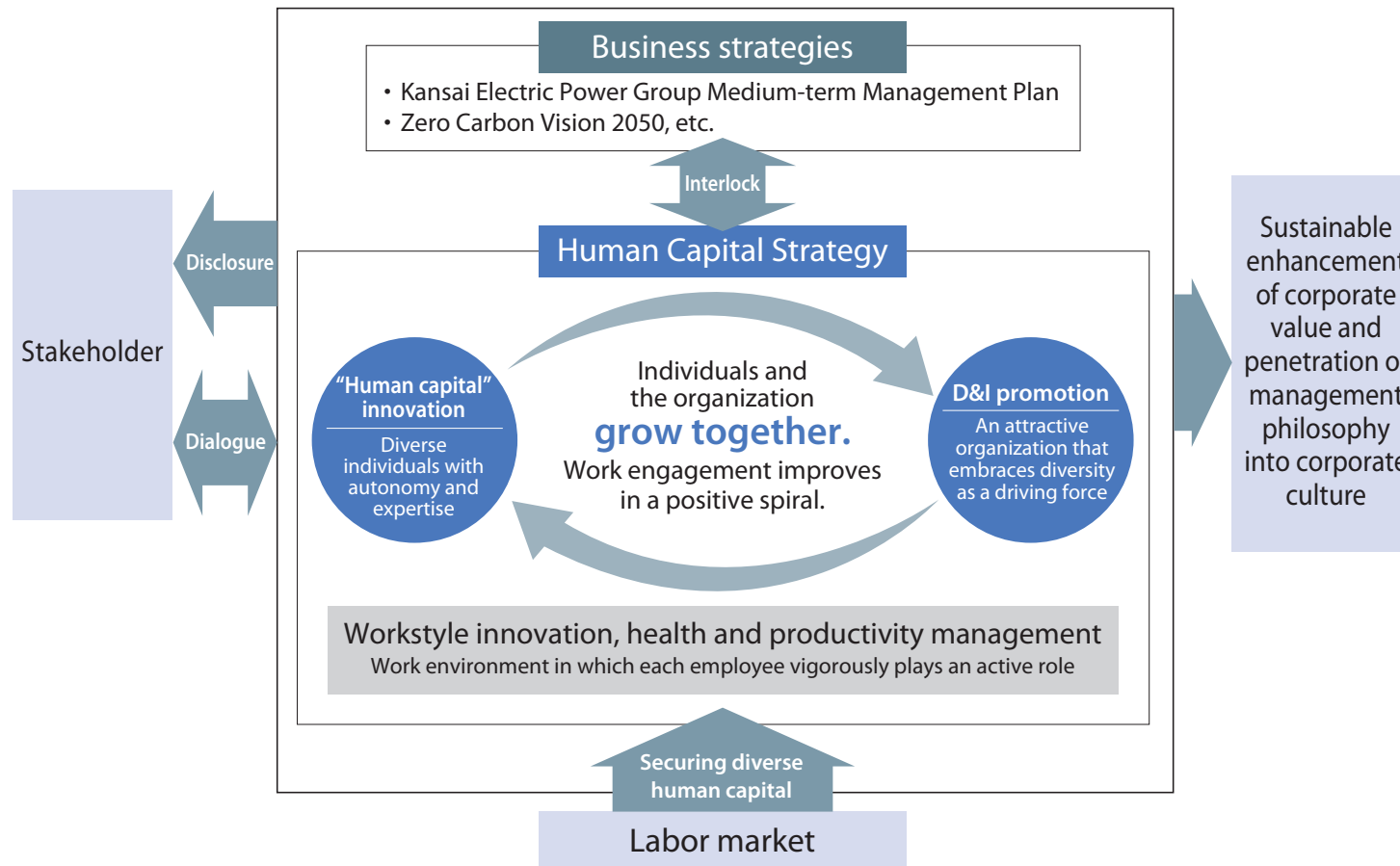
- *1 Cost engineering: Skills to analyze costs based on knowledge of the market, suppliers, product manufacturing and processes, and technologies owned by each division, etc., in order to identify cost reduction opportunities
- *2 Sengen Principle (Three Actuals): An approach for solving problems involving observing the "actual thing" at the "actual site" and understanding the "actual situation"

Human Capital Strategy BX

General picture of “reinforcement of human capital base”

General picture of “reinforcement of human capital base” —Toward the practice of human capital management—

- The Group will create a virtuous cycle in which individuals and the organization grow together while embodying our Values: “Fairness, Integrity, Inclusion, and Innovation,” through **human capital innovation and D&I* promotion** grounded in work environment improvement through **workstyle innovation and health and productivity management**. *D&I: Diversity & Inclusion
- By making these human capital strategies interlock with business strategies, we will contribute to the achievement of the Medium-term Management Plan, enhance our corporate value on a sustainable basis, and encourage penetration of our management philosophy into our corporate culture.



Human Capital Strategy BX

"Human capital" innovation

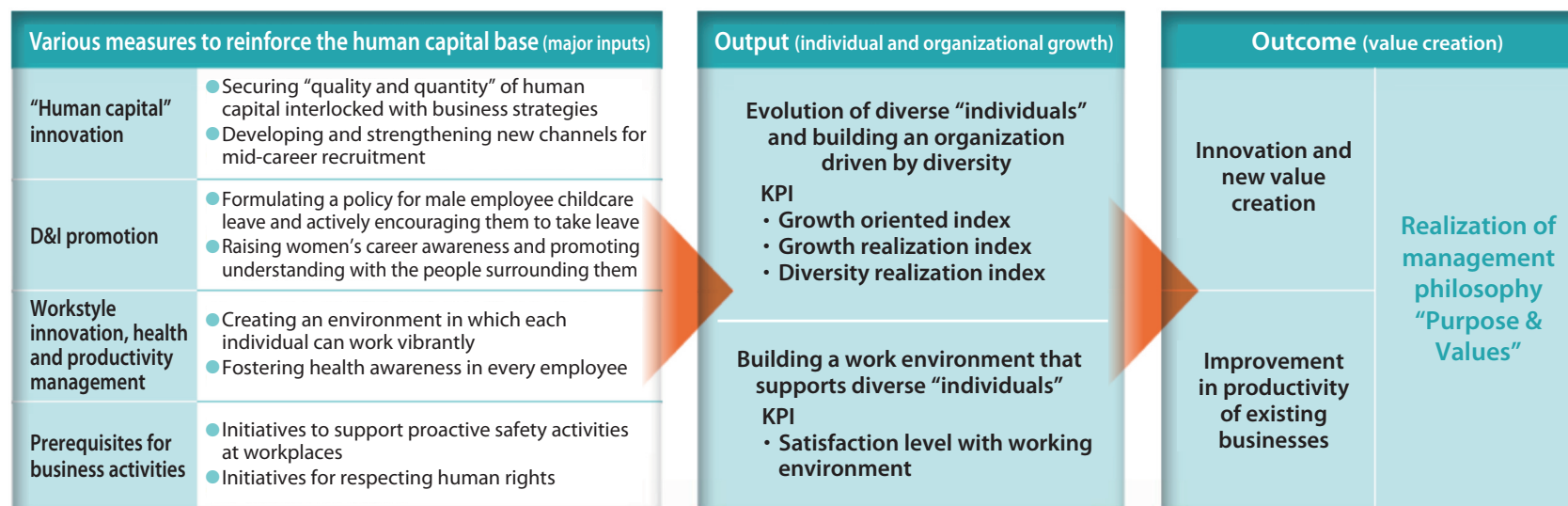
In order to pursue EX, VX, and BX, or the key initiatives of the Kansai Electric Power Group's Medium-term Management Plan, we will provide employees with opportunities to gain diverse experience and put their expertise into practice by encouraging them to take on the challenges of building their intended careers in the company and promoting their autonomy, and also by providing training that will help them develop their expertise. Moreover, in addition to increasing mid-career recruitment, we will actively acquire human capital from the labor market by, for example, inviting human capital for dual/concurrent jobs and further enhance and improve the diversity and expertise of our human capital to nurture and secure human capital that can interlock with our business strategies.

D&I promotion

With the strength of each individual's "differences," by transforming diverse ways of seeing things and ideas into organizational "power," we will improve the creativity and flexibility of the entire organization. With an organization that attracts diverse individuals with autonomy and expertise, we will build a relationship where individuals and the organization grow together through empathy.

Workstyle innovation, health and productivity management

We are taking advantage of digital technology to add value to our operations, developing workplaces for realizing diverse workstyles, and continuing to carry out health and wellness activities on a workplace basis. Through pursuit of a better working environment, we aim for "each and every employee to lead a vibrant and fulfilling life."



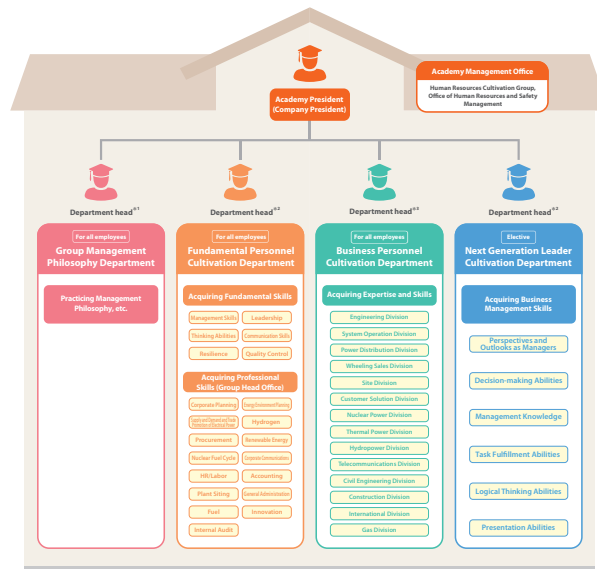
Human Capital Strategy BX

"Human capital" innovation

About the Kansai Electric Power Group Academy

The Group 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."

Academy organization



*1: Director, Office of Corporate Planning *2: Director, Office of Human Resources and Safety Management
*3: Division Manager of Each Division and President of Kansai Transmission and Distribution, Inc.

Personnel development policies

The Kansai Electric Power Group Academy implements capability development measures to empower each employee to be dynamic in their work, willingly taking on challenges to grow through new workstyles with a view of realizing the "Kanden Transformation," supporting "autonomous career development" of employees.

Specifically, we will practice personnel development measures to change awareness and behavior, which is necessary to embody our management philosophy. Along with that, to anticipate future changes in the business environment and workstyles, we will launch new training measures, including reskilling, targeted for both young and experienced employees. We plan to implement more development measures designed to enhance each employee's strengths and improve or overcome challenges that require deeper understanding, ensure that expertise is handed down to the next generation, and encourage actions to improve productivity and create added value driven by digital technology.

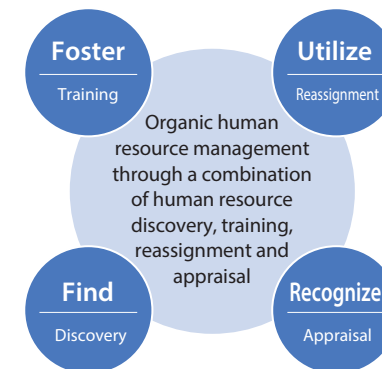
Index	Improving employee DX literacy
Target	<p>Percentage of autonomous action taken triggered by practical training: 50% or more^{*1,2}</p> <p>^{*1} The percentage of employees who responded to a questionnaire survey conducted after taking a practical training course saying that they took additional actions based on their autonomy, e.g., putting knowledge acquired at the training into practice at work or autonomous learning about DX</p> <p>^{*2} Apart from the practical training, basic training on DX literacy improvement will be provided for all employees by the end of fiscal 2023.</p>

Development 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.

Foster / Utilize / Recognize / Find



Human Capital Strategy BX



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

Supporting the autonomous 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 (examples)	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
	Hydrogen business	Dramatic growth of hydrogen business	Career mainly in hydrogen 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	

Career challenges

	FY 2020	FY 2021	FY 2022	Cumulative total
Number of applicants	88	121	92	301
Number of successful applicants	33	27	30	90

Dual work challenges

	FY 2020	FY 2021	FY 2022	Cumulative total
Number of applicants	10	49	55	114
Number of successful applicants	8	26	39	73

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 their superiors, and are also used for OJT and reassignment for the purpose of supporting our employees' career development.

Autonomous 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 autonomous 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. In addition, to further support each employee's autonomous career development, we have enhanced tools that help employees envision their specific careers in each division.

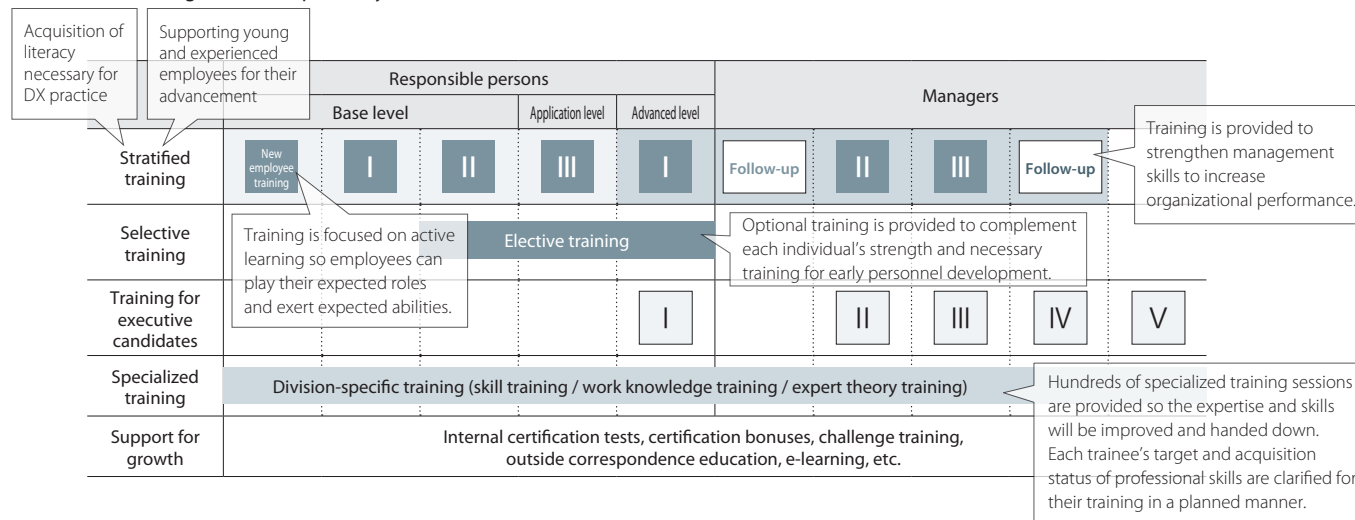
Human Capital Strategy BX

Foster

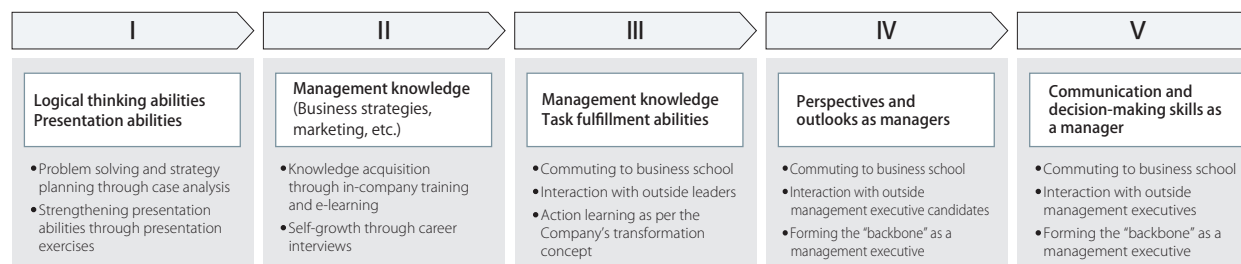
Training

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, selective training that complements individual strengths and deeper understanding for early development, specialized training to enhance business expertise, as well as executive candidate development programs.

Our training and development systems



Details of executive candidate development program



Next generation leader

—executive candidate development programs

Amid the drastically changing 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. With a program V newly established in the Change Leaders Program (CLP) in fiscal 2021 for executive candidates, we have introduced curriculums designed to be linked to the succession plan.

Creating opportunities for interaction between management and employees

Opportunities for interaction between management and employees have been provided since fiscal 2021. The management motivates employees at milestones in their business careers, and interaction provides chances for sharing thoughts as well as eliciting employees' opinions and ideas. Specifically, management and trainees exchange opinions in small groups when trainees are in their second year in the Company and when they are newly appointed as special managerial personnel.

DX personnel development

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, aiming to acquire DX literacy for all employees, we will add new stratified curriculum and work with K4 Digital, Co., Ltd. to develop DX personnel and increase their expertise.

Human Capital Strategy BX

Recognize
Appraisal

Personnel appraisal system

We have put in place a mechanism to carefully evaluate* each employee's "attitude, abilities and qualities" and "level of contribution" to our corporate performance from the perspective of practicing our management philosophy, reflecting these in their salaries, etc., to provide employees with more willingness to grow and feel more motivated and rewarded. Appraisal results are reported from superiors to subordinates. In addition, communication opportunities for further growth are provided.

We have also adopted a multidimensional appraisal system, and introduced it for managers above a certain level.

* When evaluating employees with exceptional attitudes, abilities, and qualities, the system is designed to allow additional points other than the points awarded within the prescribed range.

Promotion of diversity and inclusion

In April 2022, we formulated the Kansai Electric Power Group Diversity and Inclusion Promotion Policy. Toward the realization of this policy, we will work on human capital development to empower each employee to be dynamic in their work by willingly taking on challenges, thereby leading to the realization of the "Kanden Transformation." We will also develop an internal environment allowing our employees to adopt diverse career paths and "workstyles" to maximize their abilities with increased motivation. Our dedicated organizations will continue to take the lead in advancing various initiatives, including periodical information dissemination and training, as well as creation of a company-wide lateral meeting structure to share and adopt successful

examples of initiatives taken by each division/workplace across our Company and group companies (implemented since fiscal 2023). We will make structures and enhance systems to boost autonomous D&I promotion by respective divisions.

Kansai Electric Power Group Diversity and Inclusion Promotion Policy

1. By respecting, accepting, and utilizing the "differences" of each individual and making diverse senses of value and ways of thinking into sources of strength for the organization, we will create innovation and establish a competitive corporate group.
2. We seek to realize workstyles and to cultivate workplace environments that enable everyone to exercise their abilities to their fullest extents, regardless of gender, age, nationality, and disabilities or experienced life events and careers.

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 percentage of workers with disabilities reached 2.5% (as of June 1, 2023), having continuously achieved the legally required percentage (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 also creating a comfortable

work environment tailored to the characteristics of individuals with disabilities. Pont des Tech, Inc., a member of the Kansai Electric Power Group, provides expertise in the refurbishment of used PCs from the perspective of creating safe and high-value-added jobs as a special-purpose subsidiary, thus contributing to the promotion of employment of people with disabilities in society as a whole.

* 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. In addition, as part of efforts to improve the environment so that all generations can continue to play an active role into the future, labor and management are discussing the extension of the retirement age to 65.

Note: Number of rehired employees (retired employees) at the end of March 2023: Approximately 950

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

Human Capital Strategy BX

family, etc. even at life-stage transitions. As a new measure, we will introduce a mentoring program by executive officers (started on a trial basis in January 2023, with full implementation scheduled to start in the second half of fiscal 2023). With this program, an executive from the Company serves as a mentor to women at the section manager level in supporting the autonomous career formation of each individual employee and fostering their abilities, thereby increasing the number of female executives.

Although the Company does not adopt a gender-specific wage structure, the difference in average years of service has caused a gender wage gap. In this regard, we have various support systems to balance between work and childcare, etc., and we are actively promoting female employees to managerial positions with targets set for the ratio of female managers and female senior managers.

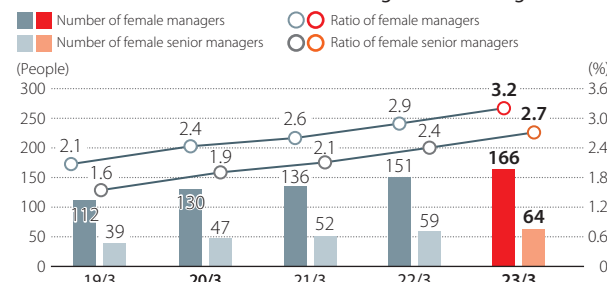
Gender wage gap* (ratio of women's wages to men's)

All workers	65.0%	*Non-consolidated figures for the Kansai Electric Power Company *FY 2022 *Includes base salary, overtime pay, bonuses, etc., but excludes retirement allowance, commuting allowance, etc. *Excludes loaned employees and employees on leave. *The difference in average years of service, which is the basis for the gender wage gap (full-time employees), is 9.1 years. *Includes medical staff working at the Kansai Electric Power Hospital.
Full-time employees	68.4%	
Part-time employees and employees on fixed-term contracts	67.0%	

Targets for promotion of female employees

Appointment to managerial positions	By the end of FY 2030, increase the ratios of female managers and female senior managers to more than threefold those of FY 2018. (FY 2022 results: 3.2% for female managers, 2.7% for female senior managers)
Recruitment	Achieve ratios of 40% or more for women employed in office jobs and 10% or more for women employed in technical jobs. (FY 2023 results: 49% for office jobs and 14% for technical jobs)

Number and ratio of female senior managers and managers*



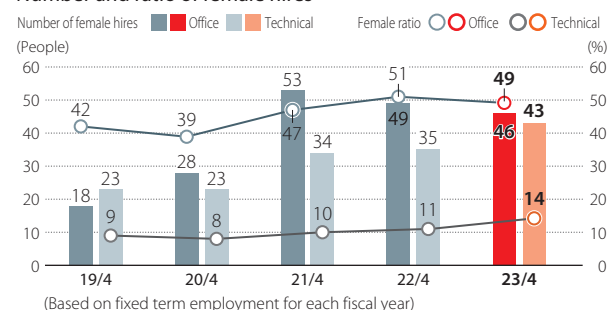
(Figures from fiscal year ends)

*Excludes medical staff and transportation staff.

*Figures for the Kansai Electric Power Co., Inc. combined with Kansai Transmission and Distribution, Inc.

*Managers refer to those equivalent to unit chief or higher.

Number and ratio of female hires



(Based on fixed term employment for each fiscal year)

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, growing as individuals through childrearing experience as well as increasing work efficiency and motivation, leading to further promotion of women's empowerment.

From October 2022, when the revised Child Care and Family Care Leave Act comes into effect, setting a target rate of male employees taking childcare leave to be equivalent to that of female employees (rate of female employees who took childcare leave in fiscal 2022: 100%), as well as a new target average number of days for men taking childcare leave to be at least one month by fiscal 2025, we will further promote the participation of male employees in childrearing to achieve this goal.

Targets for male employees taking childcare leave

Utilization rate	Equivalent to the utilization rate of female employees (Rate of female employees who took childcare leave in FY 2022: 100%)
Average number of days	At least one month by fiscal 2025

Rate of male employees who took childcare leave*

	Rate of childcare leave taken	Average number of days of childcare leave taken
FY 2020	98%	8.3
FY 2021	117%	10.4
FY 2022	124%	14.5

Calculation method for the ratio of men's childcare leave taken:

- Numerator: Number of male employees whose first childcare leave at birth or childcare leave for a child started during the relevant fiscal year
- Denominator: Number of male employees whose spouse gave birth during the relevant fiscal year

* Excluding medical and transportation staff

* As employees can take childcare leave until the end of the fiscal year in which their child reaches the age of three, the utilization rate may exceed 100% if the fiscal year in which the child is born is not the same fiscal year in which the first childcare leave at birth or childcare leave for the same child starts.

Human Capital Strategy BX

Measures to encourage male employees to participate in childrearing and take childcare leave

The “Support for Balancing Work and Childcare Leaflet,” distributed by superiors when a subordinate notifies them that she or his spouse is pregnant or giving birth, invites employees to attend the expectant mother/father seminar, which communicates the importance and benefits of men’s participation in childcare and taking childcare leave, and encourages them to draw up a “Plan for Taking Childcare Leave, etc.” useful for communicating with their superiors, thereby facilitating male employees’ taking childcare leave when necessary and for a necessary period.

Superiors with subordinates who expect childbirth are required to attend the seminar for managers (superiors) in departments with expectant mothers/fathers so they correctly understand the benefits that male participation in childrearing and taking childcare leave will bring not only for themselves but also for the company and society, creating a workplace environment that facilitates balancing work and childcare.

Additionally, we deliver an email calling for taking childcare leave to male employees whose spouse 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.

Efforts to promote mid-career hires and non-Japanese personnel to managerial positions

We will continue to promote hiring with an emphasis on diversity, expand mid-career hiring, and actively promote mid-career hires to managerial positions. We will also actively recruit and promote non-Japanese human resources to managerial positions.

We set the following goals for the promotion of mid-career hires to managerial positions in fiscal 2021.

Promotion to managerial positions	By the end of FY 2030, increase the ratio of mid-career hires in managerial positions to more than 10 times that of the end of FY 2020. (Results: 0.1% at the end of FY 2020, 0.3% at the end of FY 2021, and 0.6% at the end of 2022.)
--	--

Furthermore, we will actively rehire displaced workers who have built their careers at other companies. We will work to ensure that experienced individuals who have gained knowledge elsewhere can play an active role in our Company.

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.



Handbook for Work-Nursing Care Balance Support

Support for employees identifying as LGBTQ and promotion of understanding companywide

Aiming to deepen employees’ understanding of LGBTQ issues and creating a comfortable workplace for everyone, we have published an informative handbook for all employees that contains the basic LGBTQ knowledge and prevention of harassment, setting up a consultation desk as well. We conducted awareness activities using SOGI (sexual orientation and gender identity) harassment case studies in fiscal 2022, in order to further promote employee understanding of LGBTQ.

In April 2021, we earned a three-star certification as an Osaka City LGBT Leading Company. In fiscal 2022, we were designated the highest “Gold” rating under the PRIDE Index established by work with Pride, a voluntary organization that evaluates LGBTQ-related corporate efforts.

Human Capital Strategy

Work system, work-life balance support system

Not just unitarily posting various work systems and work-life balance support systems on our portal site, we also provide employees with explanations of newly introduced systems as appropriate.

Work system, work-life balance support system

Category	System	Details
System that enhances workstyle flexibility	Super flextime	Flexible work system without designated core time
	Telework	Employees can work from home or in a satellite office regardless of reason and without a limit on the number of times.
	Hourly leave	Leave is available in 1-hour units (up to 5 days/year).
Support for compatibility between work and childrearing	Prenatal and postnatal leave	6 weeks before and 8 weeks after childbirth (paid leave)
	Leave before and after childbirth	5 days at any time starting from the time the spouse's pregnancy is determined and no later than 2 weeks after delivery (paid leave)
	Childrearing leave	Unpaid leave until the end of fiscal year in which an employee's child becomes 3 years old (up to two times during the period). (Any one of the two times, paid leave up to 7 days from the start of the childcare leave)
	Childrearing leave at birth	Up to 4 weeks in total within 8 weeks from (estimated) due date (can be taken in installments up to two times)
	Early reinstatement support menu	Financial support for childcare is provided to employees with a child under 12 months of age upon returning to work.
	Short working hours (childrearing)	Up to 2 hours per day in 10-minute increments (until the end of September of the year when an employee's child is in the first grade of elementary school)
	Child nursing leave	5 days (10 days in the case of two or more children) per fiscal year when an employee's child receives nursing care, inoculations, or health examinations before entering elementary school
	Family support reserve leave	Employees can use part of their accumulated annual paid leave for participation in their child's school events, going to hospital for infertility treatment, nursing/long-term care of their spouse/relatives, going to get full medical checkups, and other purposes.
Support for compatibility between work and nursing care	Nursing care leave	5 days (10 days in the case of two or more eligible persons) per fiscal year when an employee provides nursing care to their spouse, parent, child, or relatives
	Nursing care leave	Leave is available within 3 years in principle or up to 93 days in total.
	Short working hours (nursing care)	Up to 2 hours per day in 10-minute increments (period in need of nursing care and that an employee applied for)
Support for compatibility between work and medical treatment	Short working hours (medical treatment)	Up to 2 hours per day in 10-minute increments (for treatment of "cancer, stroke, liver disease, heart disease, diabetes, intractable disease, or infertility treatment" for the employees themselves)
Reemployment system	f-staff system	Reemployment system for those who resigned due to pregnancy, childbirth, childrearing, long-term nursing care, transfer of spouse, or infertility treatment

Promotion of workstyle innovation, health and productivity management

Integrated promotion of workstyle innovation and health and productivity management

Under the Medium-term Management Plan, we are committed to increasing the added value of operations leveraged 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 of integrated promotion of workstyle innovation and health and productivity management.

The "Health and Productivity Management Declaration," which was established in January 2018 to demonstrate our unflagging resolve to work on health and productivity management, was renewed in April 2023 as follows to clearly show the Kansai Electric Power Group's unified approach.

Kansai Electric Power Group's Health and Productivity Management Declaration <Renewed in April 2023>

For the Kansai Electric Power Group's contribution to the development of a sustainable society aligned with its management philosophy Purpose & Values, it is important that every employee can fully exercise their abilities in business activities in good physical and mental health. In addition to taking all possible measures to prevent illnesses among its employees, the Group will support employees' health advancement so each one of them can live a vibrant and fulfilling life as we promote health and productivity management and workstyle innovation in an integrated manner.

Developing and improving comfortable workplaces

For working hours to be managed appropriately, efforts are being made across the Group to improve operational efficiency by eliminating unnecessary operations themselves and reviewing processes, along with efforts to enhance work systems that allow for more diverse workstyles through

Human Capital Strategy BX

flextime with no core time, teleworking, introduction of hourly leave, encouraging employees to take leave, and other means in accordance with the Group policy.

Major indicators and achievements related to workstyle innovation

	Targets	FY 2021	FY 2022
Overtime working hours per employee	190 hours per year	241 hours	250 hours
Paid leave utilization rate	90% or more	96.4%	99.4%

Note: Figures exclude transportation and medical staff.

Certified as a Health & Productivity Management Outstanding Organization 2023 (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 seventh consecutive year since 2017.



Major health and productivity management initiatives

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

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 (only in some areas) and housing allowance (new rent subsidies to replace company housing/dormitory), property accumulation support measures such as owned property accumulation savings and an employee stock ownership association, welfare proxy service, a cafeteria plan, an employee cafeteria, retirement benefit plans, etc. Details regarding these systems are reviewed and improved as necessary, taking into account the current situation and other factors.

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.

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, we analyze the details of accidents that occur each year, communicate with employees and subcontractors to understand their awareness and perceptions of safety, and based on the actual situation, we hold discussions among relevant internal departments, including management. In addition, together with the labor union, we prioritize items to address in the next fiscal year and are engaged in activities 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

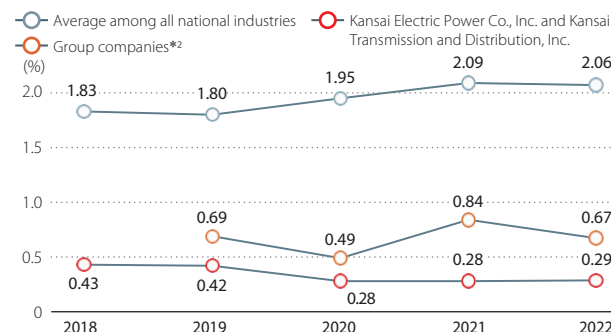
Human Capital Strategy BX

share prioritized items to address with our group companies, thereby further enhancing the effectiveness of safety activities.

Prioritized items in safety activities for fiscal 2023:

- 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.

Accident frequency rate*1 trend



*1 The number of casualties with at least one day of absence from work due to occupational accidents per million total working hours, which indicates the frequency of accidents.

*2 Average values of our three representative group companies undertaking major construction projects have been adopted.

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.



Bilateral communication with subcontractors and others

Efforts to make it a habit to think safety and act safely

With specific time periods set for accidents that have occurred frequently in recent years or that have been caused by seasonal factors, we roll out group-wide campaigns to prevent

these accidents, thereby stimulating safety activities at all workplaces.

- Summer Health and Safety Campaign: Preventing summer-specific accidents with a focus on preventive measures for heat stroke
- Zero Winter Accident Campaign: Preventing winter-specific accidents focused on falls and traffic accidents due to natural factors such as snow and frozen ground
- Month to strengthen prevention of "Fall and Fall down": Focusing on the frequent occurrence of underfoot accidents, this campaign is implemented in May, when the number of construction operations increases, to prevent accidents from occurring.



Posters encouraging "Think safety and act safely"

Initiatives to prevent similar accidents

We are implementing measures to prevent similar accidents from happening by promptly informing related divisions of the details regarding accidents. In particular, as for designated severe accidents, we swiftly provide information to related divisions through preliminary accident report meetings and accident liaison meetings. Our initiatives, which include investigation into causes, reviewing rules, and communicating with workers from their point of view, help employees practice acting safely.

Business Segments

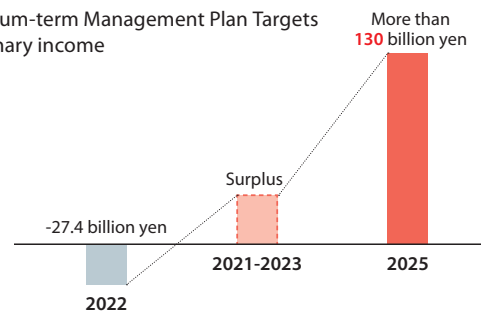
Energy Business

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 and zero-carbon hydrogen utilization. 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 to establishing a system of seven nuclear reactors with a primary focus on safe and secure operation, we will create a competitive power source portfolio, rationalize fuel procurement and supply-demand balancing, and promote the introduction of DX-based monitoring and maintenance. All of these are designed to improve the cost structure reform and achieve targets set in the Medium-term Management Plan.

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

Medium-term Management Plan Targets
Ordinary income

	2021 result	2022 result
ROA	1.23%	-0.04%

Business environment

Opportunities

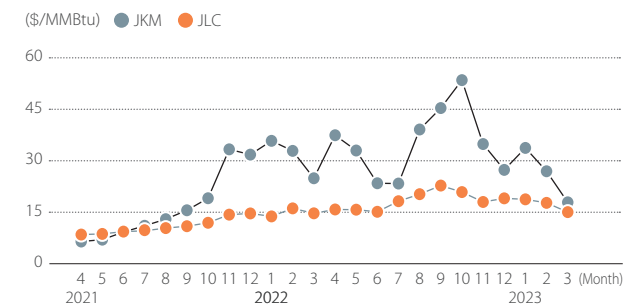
- Create new business opportunities in new and peripheral areas in energy and environmental businesses by accelerating social change: the 3D + D* movement.
- Acceleration in decarbonization and improvements in government policies and institutions
 - Sustainable use of nuclear power generation is specified in the cabinet-approved Basic Policy for the Realization of GX
 - Introduction of an auction system for long-term decarbonized power sources

* 3D+D: Decarbonization, Decentralization, Digitalization plus *Denka* electrification

Risks

- While fuel prices increased sharply after the beginning of the conflict in Ukraine, high market prices are currently reaching a plateau, appearing to trend downward, with market volatility increasing.

LNG market trends



Notes:

JKM: Japan Korea Marker. Platts JKM assessment spot price for LNG referenced in Northeast Asia.

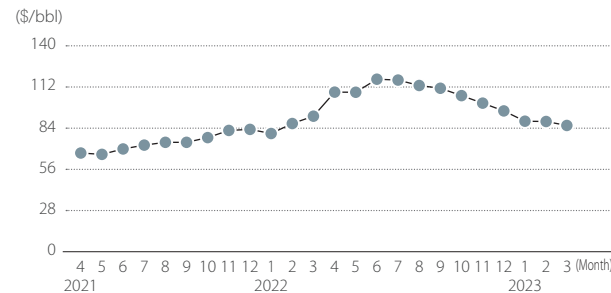
JLC: Japan LNG Cocktail. Japan's average LNG import price.

Business Segments

Energy Business

Business environment

Crude oil market 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 zero-carbon fuel (hydrogen/ammonia power generation) co-firing and CCUS, etc. in the “carbon recycling technology hub.”

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.

Business Segments

Energy Business

Initiatives in fiscal 2022

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 facility inspection procedures using under-water drones

Conventional inspections, where the submerged parts of hydropower dam discharge facilities (spillway gate wire ropes) were visually inspected by divers, are currently performed using under-water drones; inspection procedures have been streamlined, resulting in reduced inspection costs.

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 using robots and AI

A system for monitoring thermal power generation facilities has been built with AI technology, using robots and sensors. We have confirmed that the system can detect oil leakage and abnormal heat/sound from devices at the same or higher levels than by human inspectors in real time. We aim to further improve productivity with this human-digital hybrid system.

2 Zero-carbon power sources/hydrogen

Approaches to nuclear power generation

Establishing a system of seven nuclear reactors and continuing safe and secure operation

Maximizing utilization, with priority given to safety

As we are committed to realizing green transformation (GX) to achieve carbon neutrality by 2050, we will maximize the use of nuclear power generation and balance the 3Es (Energy security, Economy and Environmental conservation; decarbonization), prioritizing safety.

With the share of nuclear power in the power generation mix maintained at certain levels, we will continue to contribute to preserving Japan's technology and human resources for nuclear safety.

At the same time, we will proactively engage in communication with the public, including communities near the plant sites, an indispensable measure for public relations in promoting understanding of power plant operations.

Concrete measures

Promotion of safety improvement measures

Large-scale safety improvement work has been completed to comply with new regulatory requirements set in accordance with lessons learned from the accident at the Fukushima Daiichi Nuclear Power Station; nuclear power plants proven to be safe are already in operation.

In addition to complying with the new regulatory requirements, self-imposed safety measures are being practiced.

Examples of voluntary safety improvement measures in fiscal 2022:

- An external power failure detection system voluntarily installed is in operation to deal with accidents similar to the single phase failure (electrical accident) that occurred in the US.

Achieving over 40 years of operation

In applying for an operation period extension for 40 years from the starting month, in addition to special inspections carried out for reactor vessels and other equipment, we have carried out technical evaluations of degradation from age and confirmed that the durability and safety of important facilities could be assured even over an operation period of 60 years.

Mihama Nuclear Power Station Unit 3 restarted in 2021, complying with new regulatory requirements. It is the first 40-year-old reactor in Japan to be restarted. Takahama Nuclear Power Station Unit 1 was also restarted in August 2023, to be followed by Unit 2 in September of the same year (scheduled as of August 31, 2023). Takahama Nuclear Power Stations Units 3 and 4, meanwhile, underwent special inspections required for exceeding 40 years of operation, and in April 2023 we applied for an operation period extension for 60 years.



Takahama Nuclear Power Station

Business Segments

Energy Business

Interim storage facilities

Spent fuels are stored in a spent fuel pool inside power stations for a certain period of time and then transported to a reprocessing plant. In case the pool is filled to capacity, the power station cannot be operated. For this reason, spent fuels have to be taken out in a planned manner. Installation of an interim storage facility, in which spent fuels are temporarily stored, enables the stable operation of power plants into the future. With the “Plan to promote measures for spent fuel” set up in 2015, we are working on selecting the candidate sites for interim storage facilities outside Fukui Prefecture, to be finalized by the end of 2023 for planned commencement around 2030.

Communicating with the public, including communities near the plants

Our communication program includes visiting residents in communities near the plants, offering tours in-person and online, holding external events, and participating in presentation meetings.

Addressing challenges with replacement in mind

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

Maintaining the share of nuclear power in the power generation mix at certain levels is key to creating a zero-carbon society, and inevitably involves new installation, expansion, and replacement. We cooperate with plant manufacturers 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-cooled 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.

Establishment of a company proclamation: 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 enhance practicing voluntary and continued measures to improve safety in nuclear power generation, with relevant efforts underway.

Boosting the accident response capacity

Comprehensive emergency response 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.

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

Examples of drills:

- We participated in the Nuclear Energy Disaster Prevention Drill held by the national government, where programs for task force management, accident control, evacuation of civilians, and cooperation with relevant institutions are performed to respond to potential power failures caused by earthquakes.
- “Stress training” programs were conducted for plant task force

Business Segments

Energy Business

members to help them handle severe accidents where a variety of stressful situations occur simultaneously or in succession.

Reliable decommissioning processes

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

The Company plans to conduct decommissioning over four major stages taking a total of about 30 years in accordance with nationwide coordination and fund management by the Nuclear Reprocessing Organization of Japan*. Currently, stage 2 (dismantling of facilities peripheral to reactors) is underway at Mihama Nuclear Power Station Units 1 and 2, and stage 1 (dismantling of equipment in the turbine building and monitoring of residual radioactivity) is underway at Ohi Nuclear Power Station Units 1 and 2. Appropriate measures are in place for decommissioning, with the highest priority given to safety.

* To be renamed on April 1, 2024.

Approaches to renewable energy

Further developing and leveraging renewable energy

Leading Japan in zero-carbon energy production, our Group is committed to proactively developing renewable energy based on its improved development promotion system, focusing on offshore wind power generation, which has great development potential. Through investment of a total 1 trillion yen in domestic projects, we aim to develop 5 GW scale of new development and to achieve 9 GW scale of cumulative capacity by 2040. On the domestic front, for

example, we focus on increasing hydropower output and developing solar power, onshore wind power, offshore wind power, biomass power, geothermal power, and hydropower plants, and the total capacity of which stands at about 3.83 GW as of the end of March 2023. We will continue to operate the existing power sources and develop new power sources to help customers and society achieve zero carbon.



Biomass:
Fukushima Iwaki Biomass Power Plant



Solar power:
Banshu Mega Solar Power Plant

Concrete measures

Development status in Japan in fiscal 2022

- In April, 2022, the Group commenced commercial operation of the Fukushima Iwaki Biomass Power Plant, which uses biomass fuels.
- Together with Mitsubishi HC Capital Energy Inc., we participated in a solar power project in Nishimuro-gun, Wakayama Prefecture.
- A consortium consisting of the Company, INPEX Corporation, TODA Corporation, ENEOS Corporation, Osaka Gas Co., Ltd., and Chubu Electric Power Co., Inc. was certified for the first time in Japan for public tender of exclusive occupancy and use for the offshore wind power plant to be constructed in the marine renewable energy power generation facility promotion zone off the coast of Goto City, Nagasaki Prefecture.
- The Company, Marubeni Corporation, Obayashi Corporation,

Tohoku Electric Power Co., Inc., Cosmo Eco Power Co., Ltd., Chubu Electric Power Co., Inc., The Akita Bank, Ltd., Ohmori Co., Ltd., Sawakigumi Co., Ltd., Kyowa Oil Co., Ltd., Kato Construction Co., Ltd., Kanpu Co., Ltd., and Sankyo Co., Ltd. jointly commenced commercial operations at the Noshiro Offshore Wind Farm in December 2022 and the Akita Offshore Wind Farm in January 2023.

- Banshu Mega Solar Power Plant, jointly funded by the Company and ENEOS Corporation, started commercial operation in January 2023.
- In February 2023, the Company started a business providing electricity along with environmental value by developing solar power generation technology for Panasonic Operational Excellence Co., Ltd. and Hydro Edge, one of our group companies, based on a corporate PPA.

Launching offshore wind power projects in Akita Port and Noshiro Port

We have been working on Japan's first project for large-scale commercial offshore wind power plants in Akita Port and Noshiro Port, both in Akita Prefecture, through the special purpose corporation Akita Offshore Wind Corporation (AOW) and in cooperation with Marubeni Corporation, Obayashi Corporation, Tohoku Electric Power Co., Inc., Cosmo Eco Power Co., Ltd., Chubu Electric Power Co., Inc., The Akita Bank, Ltd., Ohmori Co., Ltd., Sawakigumi Co., Ltd., Kato Construction Co., Ltd., Kanpu Co., Ltd., Kyowa Oil Co., Ltd., and Sankyo Co., Ltd.

The Akita Port Offshore Wind Farm and Noshiro Port Offshore Wind Farm are operating as scheduled; the former started commercial operation on January 31, 2023, and the latter on December 22, 2022, both based on the renewable energy feed-in tariff scheme. AOW's offshore wind power generation is now in full swing, with Akita Port Offshore

Business Segments

Energy Business

Wind Farm in operation. AOW will control the two wind farms over the next 20 years, utilizing an operation and maintenance system based at Noshiro Port.



Left: Akita Port Offshore Wind Farm Right: Noshiro Port Offshore Wind Farm
(Source: Akita Offshore Wind Corporation)

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 2022)

- Kurobegawa No. 2 Power Station Unit 3

Before refurbishment 73.6 MW

After refurbishment: 74.7 MW (to be completed in September 2023)

- Kasagi Power Station Unit 1

Before refurbishment: 41.7 MW

After refurbishment: 50.8 MW (to be completed in October 2023)

Before
refurbishment



After
refurbishment



Initiatives of the thermal power division

Challenge for realizing zero-carbon thermal power generation system

We are committed to working on various initiatives to realize the Zero Carbon Vision 2050, specifically by using zero-carbon fuels (hydrogen for thermal power generation, etc.) and introducing CCUS technology.

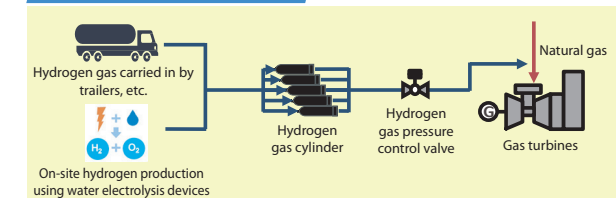
Concrete measures

Acquiring knowledge on the introduction of hydrogen power generation

Green Innovation Fund Project in the Himeji area

We have been working on feasibility studies since the adoption of the Green Innovation Fund Project*1—Large-scale Hydrogen Supply Chain Development, which was offered by NEDO*2 in August 2021. Going forward, after design and manufacture of the system, we will conduct demonstration of power generation by co-firing of hydrogen at the gas turbines installed at the Himeji No. 2 Power Station and aim to establish operational techniques that can be used for social implementation of hydrogen power generation.

Demonstration system process flow



*1 The 2 trillion yen Green Innovation Fund, set up by the government for NEDO, aims to encourage innovation among companies to achieve carbon neutrality by 2050, subsidizing companies for up to 10 years.

*2 New Energy and Industrial Technology Development Organization

Business Segments

Energy Business

Acquiring knowledge on the introduction of CCUS

CO₂ capture technology research

We are supporting NEDO's project at our Maizuru Power Station, where solid sorbent system CO₂ capture technology is being tested for treatment of coal-fired emissions*¹. The commissioning run started in fiscal 2022 at testing facilities, with full-scale demonstrations scheduled in the second half of fiscal 2023. The solid sorbent system is potentially a great deal more energy efficient than its conventional counterparts in capturing CO₂ and is therefore considered promising next-generation capture technology.

Demonstrating CO₂ mass transport

We are supporting another project from NEDO, also at our Maizuru Power Station, where research, development, and demonstrations are underway for CO₂ mass transport*². Specifically, the project, which involves CO₂ liquefaction at the shipping base, includes 1) R&D related to liquefied CO₂ marine transport technology, 2) demonstrations of 90,000 tonne scale CO₂ marine transport, and 3) marine transport feasibility studies for CCUS purposes. CO₂ marine transport demonstrations are scheduled to start in fiscal 2024.

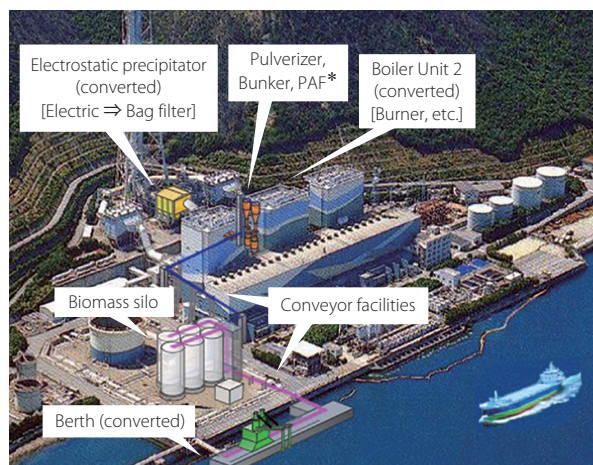
*¹ Development of carbon recycling/next-generation thermal power generation technology / Research and development of CO₂ capture technology / Research on application of advanced CO₂ solid sorbents to treatment of coal-fired emissions

*² CCUS R&D and demonstration project / Large-scale CCUS demonstration in Tomakomai / Demonstration of CO₂ transport / Technological development and demonstration of CO₂ marine transport

Using biomass at existing thermal power plants

Aioi Bioenergy in full-scale operation

We established Aioi Bioenergy Corporation, a joint venture with Mitsubishi Corporation Clean Energy Ltd., and started construction work at Aioi Power Station Unit 2 in Aioi City, Hyogo Prefecture in February 2022 to switch the fuel from heavy/crude oil to woody biomass and its full-scale operation started in March 2023. The fuel switch resulted in an output of 200,000 kW, one of the largest biomass exclusive firing thermal power generation capacities in Japan.



* A ventilator that feeds pulverized fuel to burners

Securing procurement of fuel

Our ongoing efforts include securing procurement of fuel, improving flexibility in responding to fluctuations in power demand, and further improving the economic efficiency of the operations.

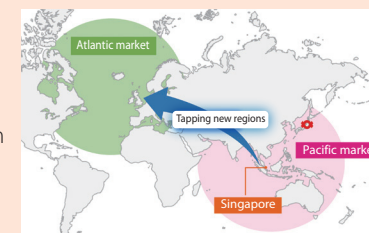
Specifically, our efforts involve diversifying suppliers and pricing systems, and taking part in the LNG value chain from production to receiving of LNG, including upstream (interest acquisition) and midstream (transportation, etc.) operations, with various business activities underway.

Volatility is increasing in the global fuel market due to strained international relations in the wake of the Ukraine conflict. We will thus continue to focus on international affairs and fuel market trends to secure fuel in a stable and cost-effective manner.

Focusing on spot trading for flexible LNG procurement and distribution

We are building information gathering capability and expertise on flexible fuel trading in Singapore, the LNG hub of the Asia Pacific region, to accommodate changes in power demand, etc.

As the LNG market is expanding in sync with globalization, we have relocated our fuel trading hub from Japan to Singapore, extending our reach into the Atlantic region to improve and shore up LNG procurement and distribution resources.



Business Segments

Energy Business

Approaches to hydrogen energy utilization

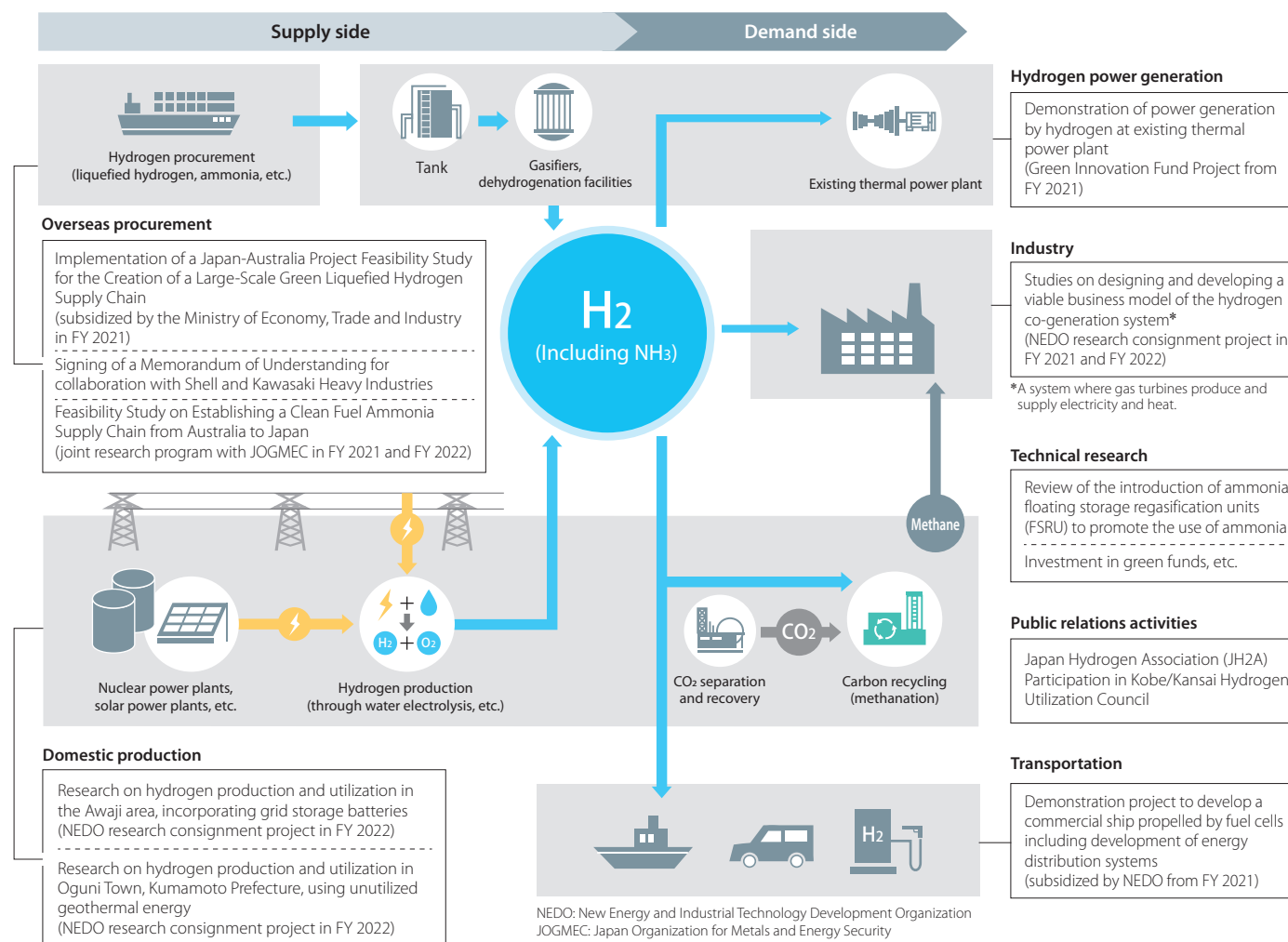
Toward the realization of a hydrogen-driven society

Hydrogen does not emit CO₂ when burned and can be produced from renewable energy, etc. for storage and transportation, a characteristic ideal for applications such as power generation, industrial production, and mobility. We are thus working on various research topics, including the hydrogen upstream/downstream supply chain (from production to transportation, storage, use as power generation fuel, and distribution) and hydrogen carriers (liquefied hydrogen, ammonia, etc.). We will utilize policy support planned by the government for hydrogen commercialization to create a hydrogen supply chain by around 2030, where hydrogen is imported for storage at domestic facilities (about 100,000 tonnes as a starter). We are aiming for a 30% share of the domestic hydrogen market in 2050.

Accordingly, we will pursue every possible means and make further efforts into the future to realize a hydrogen society, including adoption of advanced technology and cooperation with various partners to promote hydrogen use in communities and society at large.

Concrete measures

We are broadly engaged in technical research and public relations activities to realize a hydrogen-driven society, participating in various projects both on the supply and demand side.



Business Segments

Energy Business

Overseas Energy Business

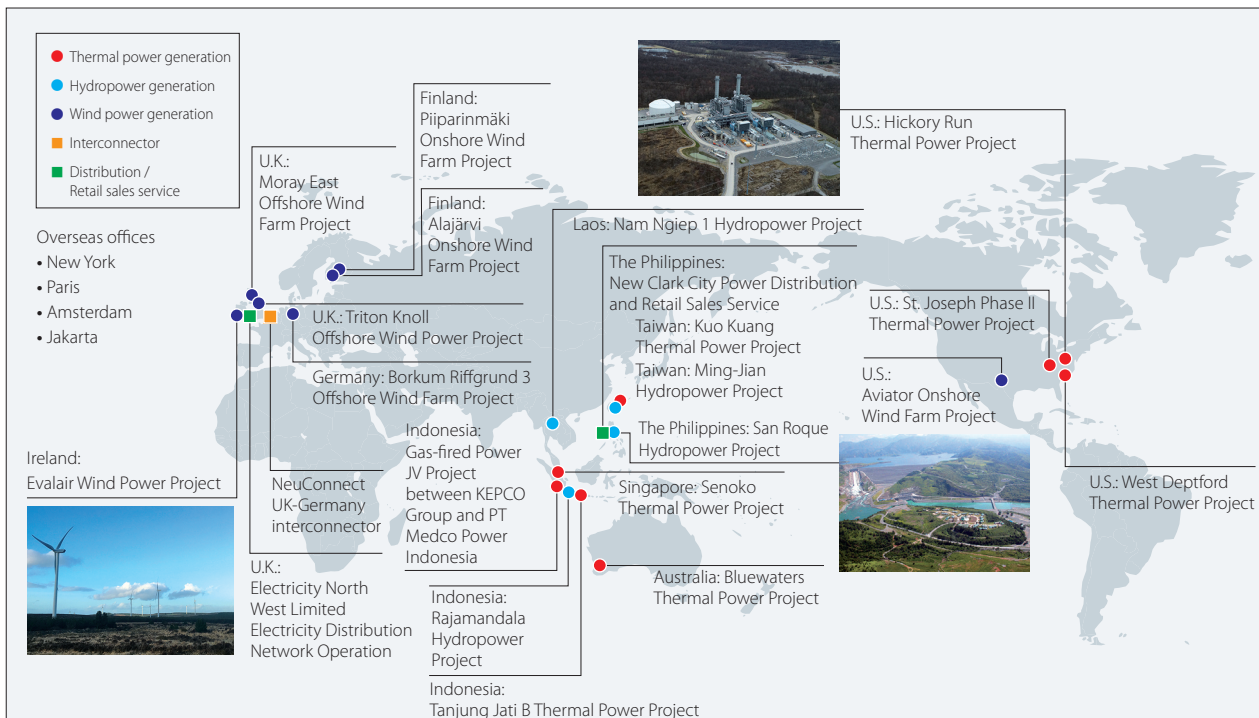
Overview

We are participating in a total of 22 projects in the domains of power generation, transmission and distribution across 11 countries. Our first international project was in 1998 when we participated in the San Roque Hydropower Project located in the Philippines. This made us the first Japanese utility to participate in an overseas electric power project.

Utilizing our overseas bases including New York, Amsterdam, and Jakarta, we aim to expand our overseas energy business so it can continue to grow as a key cornerstone of the Group's overall earnings.

**Power generation capacity by investment ratio
(as of the end of April 2023)**
2.852 GW

Breakdown:
Thermal power: 1.764 GW
Renewable energy: 1.088 GW

Overseas power projects (as of the end of April 2023)
22 projects in 11 countries


Business environment

Opportunities

- Opportunities for profitable businesses increase, particularly in emerging countries, where energy demand is on the rise.
- As the initiatives toward decarbonization accelerate worldwide, business opportunities increase in the field of renewable energy.
- Advancement in the use of new technology such as hydrogen, storage batteries, and floating offshore wind turbines as well as digital technology such as AI and IoT expands frontiers for new business opportunities.

Risks

- Decline in the business conditions of thermal power projects due to the further acceleration of global decarbonization.
- Risks where ongoing projects become less profitable due to external factors such as international instability, economic slowdown, policy changes, market fluctuations, and climate change.

Business Segments

Energy Business

Business strategies

1 Zero carbon

- Focus on IPP projects mainly in the field of renewable energy.
- Participate in transmission and distribution businesses that contribute to power grid stabilization when large-scale renewables are introduced.
- Participate in businesses utilizing new technologies such as hydrogen, storage batteries and floating offshore wind turbines.

2 Solutions

- Support the reduction of energy costs and the environmental load.
- Support the planning, construction and operations of power stations by combining AI and IoT with our technological strengths.

3 Increase profitability

- Asset portfolio reclassification.
- Apply feedback from overseas operations to domestic businesses.
- Enhance risk management capabilities.

Concrete measures

1 Zero carbon

Three projects in which we participate completed their construction and started commercial operation in fiscal 2022: Triton Knoll Offshore Wind Farm Project (UK), Moray East Offshore Wind Farm Project (UK), and Piiparinmäki Onshore Wind Farm Project (Finland). Another two projects are under construction, gearing up for commercial production: Alajärvi

Onshore Wind Farm Project (Finland) and Borkum Riffgrund 3 Offshore Wind Farm Project (Germany)

We are committed to creating a zero-carbon society, leveraging development expertise originating from our energy business.



Piiparinmäki Onshore Wind Farm Project

2 Solutions

A loan agreement was signed in fiscal 2022 for the UK-German power link NeuConnect Interconnector Project, followed by commencement of construction. We are engaged in this project, capitalizing on our technical expertise in installation of extra-high voltage direct current transmission lines, etc. In the Philippines, meanwhile, the San Roque Hydropower Project underwent an overhaul, where we provided technical assistance to employees at the local operating company. The first overhaul has been completed without any accidents or injuries. We continue to provide solutions using our technological strength and expertise.



Loan agreement signed for the UK-German power link NeuConnect Interconnector Project



San Roque Hydropower Project

3 Increase profitability

Our international business covers Asia, Europe, and North America, expanding operations in the electric business, including thermal/hydro/wind power generation and power transmission/distribution. We will continue to increase the value of our assets by participating in new projects and restructuring our asset portfolio through divestment of projects for which the purpose of participation has been achieved. Being ahead of other Japanese companies in participating in offshore wind power projects, moreover, we are incorporating the knowledge we obtained into our domestic business. Our other efforts include dispatching personnel to projects and footholds abroad to keep track of changes in international relations and other conditions related to business and to optimize business operations, thereby improving risk management. These efforts are expected to boost the profitability of our operations.



Triton Knoll Offshore Wind Power Project

Business Segments

Transmission and Distribution Business



Takayuki Hakugin
President and Director
Kansai Transmission and
Distribution, Inc.



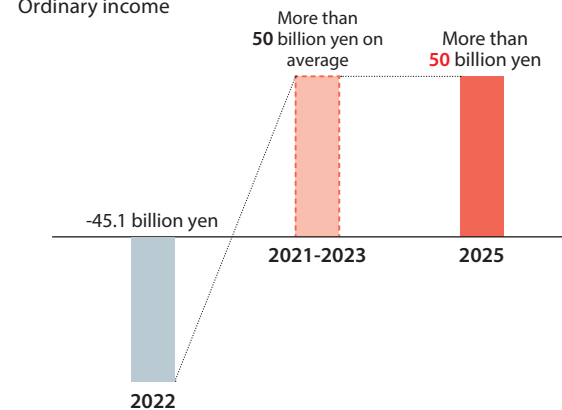
Overview

Kansai Transmission and Distribution, Inc. took over the general power transmission and distribution business of the Kansai Electric Power Co., Inc. in April 2020 to further ensure neutrality in the transmission and distribution business. Kansai Transmission and Distribution, Inc. is committed to providing affordable electricity in a stable manner while placing a premium on being fair and neutral. Its operations include managing power grids, and planning and constructing transmission, transformation, and distribution facilities.

As energy needs in society (decarbonization, greater resilience, etc.) become increasingly diversified, power transmission and distribution business takes on a greater role in meeting such needs. We will therefore develop next-generation grid networks to flexibly meet the diversified needs of grid users (distributed power sources, etc.), and provide proven, reliable grid services, thereby meeting the expectations of customers and society.

Medium-term Management Plan Targets

Ordinary income



	2021 result	2022 result
ROA	0.58%	-1.41%

Business environment

- The cost in striking a balance between demand and supply increased significantly in fiscal 2022 due in part to a surge in fuel prices.
- Financing is available for developing next-generation grid networks that contribute to decarbonization and greater resilience, with the new wheeling charge system in place in fiscal 2023. Follow-up adjustment, meanwhile, reduces risks associated with demand fluctuations and supply-demand balance. There is thus a growing need for the power transmission and distribution business to improve its sustainability.
- As power transmission and distribution operators are reviewed and compared with one another for their charging schemes, we must implement cost structure reforms to be an industry front-runner while reducing wheeling charges.

Opportunities

- Financing available and profits arising from greater efficiencies secured with the new wheeling charge system in place
- Diversified customer energy needs and transactions
- Progress in electrification, driven by decarbonization
- Expansion of energy-related business at home and abroad

Risks

- Power transmission and distribution operators reviewed and compared with one another, with the new wheeling charge system in place
- Rising fuel prices and tightening supply-demand balance
- Declining grid demand due to the development of distributed resources
- Intensified natural disasters and possible earthquakes in the Nankai Trough

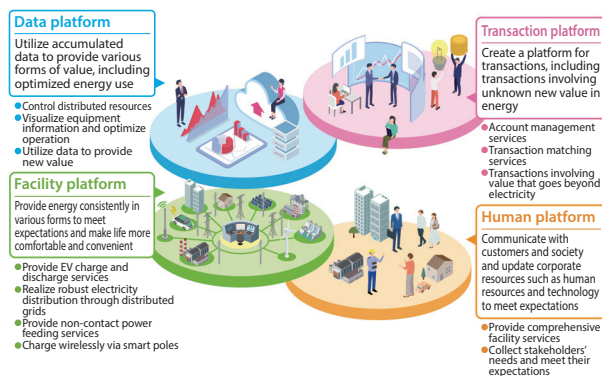
Business Segments

Transmission and Distribution Business

Kansai Transmission and Distribution Group Vision

The Kansai Transmission and Distribution Group Vision has been established to envision the path toward 2050. We are committed to improving and expanding Kansai network facilities, our group's human resources and technologies, and platforms serving customers and society, thereby providing stable electricity, creating new value that goes beyond expectations, and better serving customers and society.

As an entity that supports the entire energy industry in addition to transmitting and distributing electricity, we are also committed to serving as an “energy platform,” expanding our services from providing electricity to creating new value for customers and society.



Business strategies

Directions to take

We will pour resources into two business areas with wheeling business, one of our core businesses, positioned as the “wheeling domain,” and domestic and overseas business, expanded by utilizing our group strength, as the “expanded domain.” At the same time, we will create a “business foundation” to support these two areas.

1 Wheeling domain

Leading the industry in pursuing decarbonization and strengthening resilience

We will create a system to provide new value, taking into account the needs of customers and society, such as developing next-generation networks and implementing cost structure reforms to be an industry front-runner.

2 Expanded domain

Establishing a primary source of revenue, following wheeling business

We will roll out initiatives and services at home and abroad, going beyond the boundaries of wheeling business.

3 Business foundation

Creating an organization where exploration and ambition in providing new value is taken as matter-of-fact

We will develop an organizational culture to aim for more ambitious goals and implement innovative operational reforms, emphasizing Kaizen (the Toyota production system) and DX.

5-year Efforts

Basic premise of our business operations

- Doing business with integrity, beginning with compliance with laws and regulations
- Recreate a fair basis for competition
- Create a robust safety culture

1 Wheeling domain

- Create next-generation networks (decarbonization and greater resilience)
- Implement renovation for aging facilities
- Implement cost structure reforms to be an industry front-runner

2 Expanded domain

- Create new value in power transmission and distribution business
- Establish other sources of revenue

3 Business foundation

- Promote Kaizen and DX, innovate the organizational culture
- Strengthen human resources and support various workstyles
- Contribute to local communities (to win understanding and confidence)
- Strengthen the financial bases

Business Segments

Transmission and Distribution Business

Advanced asset management

The number of aging facilities is increasing. These facilities should be systematically refurbished to ensure safe and stable electricity supply. Rational and efficient implementation of refurbishment, however, requires a comprehensive plan that

takes into account facility risks, refurbishment costs, construction capabilities, etc.

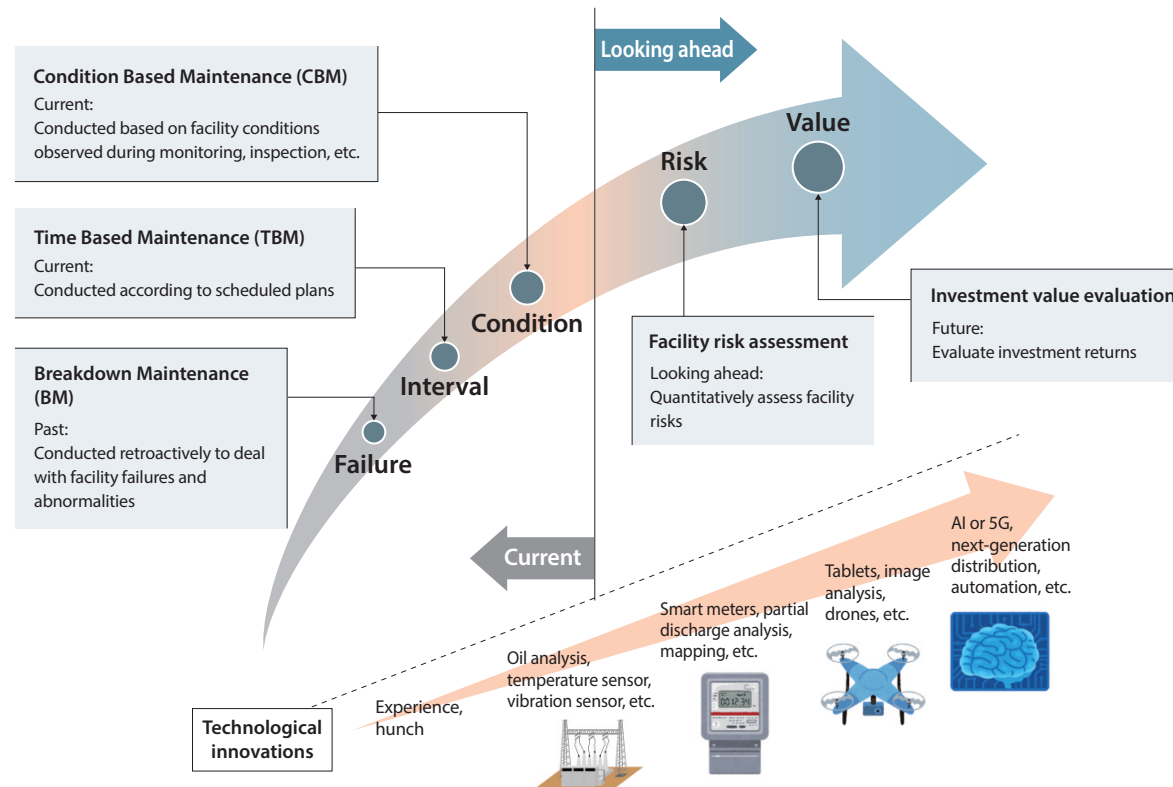
We will develop and verify a system to map out a plan based on investment value evaluation, with efforts underway to upgrade our asset management.

Emergency response system for disasters, etc.

We designate initial responders and have initial response supervisors put on night watches to prepare for quickly setting up the response system in case of emergency. In addition, special training drills are conducted several times a year for both initial response supervisors and initial responders.

Moreover, the Kansai Electric Power Group comprehensive emergency response drills are conducted every year. 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.

Furthermore, in line with the disaster cooperation plan, we will cooperate with general power transmission and distribution utilities and relevant authorities in times of disasters to quickly recover and restore electricity facilities and systems for stable supply of power.



Number of participants in group-wide comprehensive emergency response drills (fiscal 2022)

1,002

Business Segments

Transmission and Distribution Business

Implementing cost structure reforms to be an industry front-runner

A cost reduction of 55.1 billion yen/year expected for measures discussed before fiscal 2022 is incorporated in the business plan submitted to the government in accordance with the new wheeling charge system. We will make these measures a standard practice to start with. At the same time, we will implement cost structure reforms in all areas, incorporating external knowledge, to be a front-runner in power transmission and distribution operation.

2 Wheeling/expanded domains

Upgrading and reforming power transmission and distribution business

The structures of electricity systems are changing, with distributed resources increasing and users beginning to participate in the market, and we will develop a business strategy designed to upgrade and reform our power transmission and distribution business to become more sustainable and continue growing. Accordingly, we have established a Frontier Lab, which is tasked with research and analysis of future trends and exploration and implementation of new initiatives, all under the direct control of the president.

3 Expanded domains

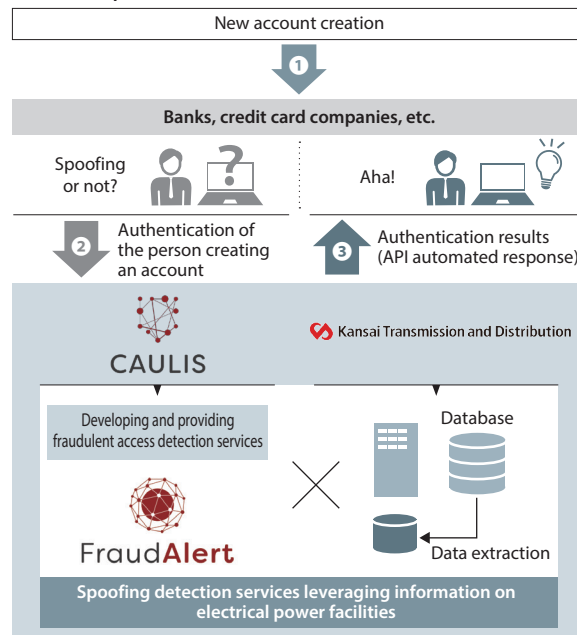
Services to prevent fraudulent account creation, leveraging information on electrical power facilities

Fraudulent accounts using “stolen identities” are often abused for criminal purposes such as money laundering, which is becoming a public concern. Kansai Transmission and Distribution, Inc. and Caulis Inc., therefore, collaborate with

each other in providing financial institutions with services to prevent fraudulent account creation, with the former’s proprietary information on power facilities combined with the latter’s fraudulent access detection system.

In addition, we are incorporating electric facility information to provide new services for continuous customer management designed to streamline management of existing accounts for financial institutions. These services will help prevent crimes, including money laundering.

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



Expanding overseas operations

We are extending our reach worldwide, focusing on “expansion of earnings,” “technological contribution,” and

“sustainability promotion.” In fiscal 2022, for example, we were awarded three consulting projects in three countries, including Nigeria and Lebanon.

Kansai Transmission and Distribution, Inc., meanwhile, is looking at investing independently in overseas projects to further boost its earnings.



Meeting with the president of AEDC (a local power distribution company)

4 Business foundation

Promoting Kaizen and DX

We implemented 197 Kaizen projects in fiscal 2022 to create a new organizational culture that aims to improve productivity. Specifically, we eliminated waste and conducted a fundamental review of work procedures, which resulted in drastic improvements in productivity and added value.

As part of the DX initiative, moreover, we incorporated AI-based image analysis to streamline facility patrols and develop a management system, which upgraded on-site and management operations.

We will implement operational reforms through Kaizen and DX, specifically by further pursuing Kaizen, introducing innovative technology and utilizing digital technology.

Business Segments

Information and Telecommunications Business



Makoto Araki

Director
Representative Executive Officer,
Vice President



Customer satisfaction ranking No. 1
for 16 years in a row

No. 1 provider in the Kinki region in the RBB TODAY
Broadband Awards 2022 (announced in January 2023)
Awarded for 16 consecutive years from 2007 to 2022



Low-Cost SIM Awards in the 2022 2nd Half
Won the highest overall satisfaction rate

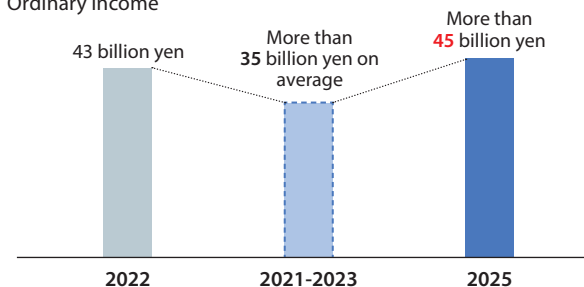
Source: RBB TODAY
"2022 2nd Half Low-Cost SIM Awards"



Overview

Arranging an extensive menu of options that respond to customer needs, we provide comprehensive IT services led by OPTAGE Inc., our group company, for households and business firms utilizing AI, IoT, and other digital technologies.

Our Group's IT business has been growing as a primary source of revenue along with the comprehensive energy business through its strengths in both tangible aspects, such as its tightly woven optical fiber networks extending throughout the Kansai region, and intangible aspects, such as our high-quality service and robust support system, earning a high degree of customer satisfaction over a long term.

Medium-term Management Plan Targets
Ordinary income

	2021 result	2022 result
ROA	12.06%	13.21%

Business environment

Opportunities

- Growing need for high-speed and stable communication against the backdrop of video viewing, remote work, etc.
- 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.

Business Segments

Information and Telecommunications Business

Initiatives in fiscal 2022

Consumer services

eo Optical services, offered by the group company OPTAGE Inc., are FTTH services utilizing a proprietary high-speed, reliable optical fiber network spreading all over Kansai, and have established the largest market share in the Kansai region for detached houses. Their bundled service package of eo Optical Fiber Internet, eo Optical Fiber Telephone, and eo Optical Fiber Television is a major contributor to revenue growth in our IT business.

In fiscal 2022, “eo Optical 10/5 GB Services” became available in almost all areas with Optical Fiber Internet, and with the growing demand for high-speed internet, the service has been chosen by approx. 60% of new subscribers, driving the growth of the company’s FTTH services even amid market maturity.



Moreover, focusing on creating new services to help customers to live more affluent lives and to further promote the smart home IoT business, the company has launched “IOPT,” a service that enables home appliances to be operated by apps or voice and connected to sensors.

OPTAGE will continue to provide infrastructure services that form a basis for comfortable living and develop quality

services to keep customers satisfied in accordance with their varying needs, so its services will continue to be chosen by more and more customers.



OPTAGE also offers the cell phone service mineo, which was launched in 2014 nationwide and has more than 1.2 million subscribers in the MVNO industry, crowded with more than 1,000 companies. It offers original value through “co-creation with fans” mainly on a community website, as well as low prices and unique services not offered by other providers. In fiscal 2022, in order to meet customer expectations, new menus and enhanced functions were added to mineo, including the introduction of a new course to “Maisoku,” an unlimited data plan, and the launch of the eSIM service. These one-of-a-kind services have been successful in steadily expanding the customer base.

The values unique to mineo, “co-creation with fans,” will be further enhanced to provide services to as many customers as possible.



Services for corporate customers

As services for corporate customers, in addition to fiber-optic internet services for enterprises, extensive services are provided covering consulting, system development, cloud computing, AI/IoT, etc. Line services in which OPTAGE has an advantage and solution services combined with the provision of lines are chosen by many customers.

The number of subscriptions to its line services continued to grow steadily in fiscal 2022, and the company has satisfied diverse customer needs by providing one-stop support for line, cloud, security, and operation.

Additionally, in response to the growing need for data centers that can communicate with cloud services, etc. with low latency and excellent connectivity, OPTAGE has decided to develop a connectivity data center in Kita-ku, Osaka (scheduled to start operation in fiscal 2025). Through this and other projects, the company is also taking on new challenges toward sustainable growth.



Rendering of OPTAGE Sonezaki Data Center

Business Segments

Life / Business Solution Business

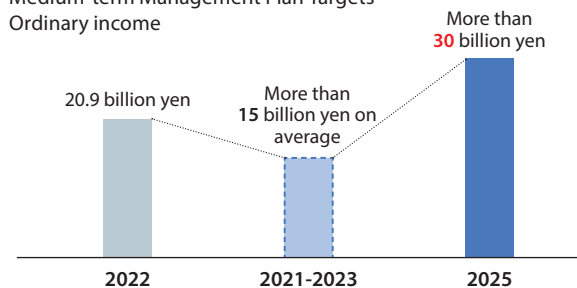
**Makoto Araki**

Director
Representative Executive Officer,
Vice President



Overview

In addition to comprehensive real estate services (leasing, condominium sales, property management, leisure, etc.), we provide wide-ranging services for both individuals (healthcare, etc.) and businesses (contact center, etc.) to provide support for their everyday and business needs.

Medium-term Management Plan Targets
Ordinary income

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

	2021 result	2022 result
ROA	2.63%	2.81%

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 Kansai Expo
- Increased business opportunities brought by advances in digital technology, etc.
- Increased outsourcing by enterprises due to labor shortages as the aging of society and the declining birthrate progress
- Improved health awareness in pace with longer healthy life expectancy

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
- Intensifying competition with our industry peers

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.
- Expand service bases

Business Segments

Life / Business Solution Business

Initiatives in fiscal 2022

We have made active efforts to increase sales of “CIELIA” condominiums in the Kansai and capital regions, and have provided 5,872 residences with this brand by the end of fiscal year 2022.



CIELIA CITY Senriyama

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 2022

5,872

As part of our zero carbon initiatives, we launched development of the CIELIA TOWER Nakanoshima, a ZEH condominium that realizes “net zero carbon for the entire condominium,” and the “Kanden Fudosan Shibuya Building,” which obtained “ZEB Ready” certification at the design stage, employing a variety of environmentally friendly technologies.

CIELIA TOWER Nakanoshima

Kanden Fudosan Shibuya Building



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 2022, we have participated in 15 condominium development projects in Thailand, Indonesia, the U.S. and Australia, and 17 leasing projects in the U.S., Singapore and Australia.

In fiscal 2022, sale of properties in a timely manner contributed to revenue growth.

Number of projects invested in since the first overseas real estate business (fiscal 2017) until fiscal 2022

32



Bangkok



Washington, D.C.

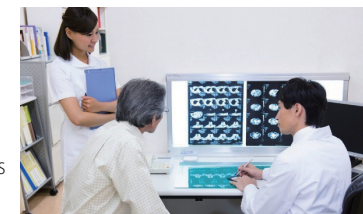
Sydney
(Building incorporated in fund)

KANSAI Medical Net offers a members-only health management support service “Medical Support System (MSS)”.

Many of the members are satisfied with the three “assurances” of “comprehensive medical checkups,” “health support,” and “medical coordination” that we provide.

To further expand our support in the health of customers, we plan to open new medical facilities.

- Nishinomiya Gardens Kenshin Clinic (2023)
- Nakanoshima Clinic Ladies Plaza (2024)



Number of KANSAI Medical Net MSS members 2,200



Kanden CS Forum is expanding the amount of order receipts for customer contact center operations from other companies, etc. by utilizing knowledge and high-quality services cultivated through operations for the Kansai Electric Power Company and its group companies.

Most recently, the company has opened the following contact centers:

- Fukuoka Nakasu Center (December 2022)
- Aomori Contact Center (April 2023)

In not only real estate services but also other business areas where we can take advantage of business experience and strengths as the Kansai Electric Power Group, we will proactively incorporate digital and cutting-edge technology to expedite offering of high value-added services and to expand and enhance healthcare and contact center businesses, aiming for dramatic profit growth as well.



Message from the Chairman of the Board



Governance reform receives a good response, but reforms still have some way to go

It has been more than three years since I became the Chairman of the Board at the Kansai Electric Power Company. At the time of my appointment, the Company was under severe criticism from society due to the cash/gift receiving incident and other problems, and we found ourselves in a very difficult situation, losing the trust of our customers and society—the most important factor in our business. I believe that the cornerstones of corporate management are transparency, fairness, and understanding, and for the past three years I have been working hard to reform corporate governance, including strengthening the functions of the Board of Directors.

Active discussions take place at every meeting of the Board of Directors, which are the linchpin of governance, with eight outside directors out of 13 directors. In addition, as important issues are discussed not only at the Board of Directors meetings but also in advance, and through multiple rounds of discussion, I believe that this has enhanced communication between outside directors and the executive officers and led to high-quality discussions at the Board of Directors meetings.

An evaluation of the effectiveness of the Board of Directors by a third-party organization stated that sufficient discussions are being undertaken based on medium- to long-term management strategies, etc., and that the effectiveness of the Board of Directors has been steadily improving. I believe that highly transparent management, which values both the shareholder perspective and the societal perspective, has taken root in the Company.

To make compliance more thorough, we have deployed various initiatives, including the enhanced training and the strengthened whistleblowing system, led by the newly established Compliance Committee under the direct control of the Board of Directors.

Moreover, since assuming the chairmanship, I have visited various workplaces dozens of times, in many cases monthly, to speak with employees.

We had been progressing with a variety of initiatives and I thought our employees' attitudes toward compliance and our organizational culture had been steadily changing, and I felt there was a level of response to the reforms. However, the recent series of improprieties that have occurred in our Group over the past year has made me keenly aware that our reform efforts are still far from complete, and as Chairman of the Board, I feel deeply ashamed.

Making strong progress in reforms to ensure thorough compliance

Although I have sensed an increase in compliance awareness through these past efforts, in the wake of the series of problems, I sincerely regret that I have not done enough to ensure that all Group employees think and act on their own when they have some doubts in the course of their work.

Regarding the issue involving customer information, since the full deregulation of the retail industry, some employees thought it was odd that they were able to view competitors' information; however, for a long time, the issue was never raised. I'm afraid there was a strong tendency for the employees who were viewing the information to accept it without having any doubts about what had already been

decided or made into rules, perhaps thinking it was OK because everyone else was viewing it or simply it was the company's system.

I'm afraid this is due to the top-down culture that has persisted in our Group for a long time. To fulfill our mission of providing a stable supply of electric power, we have traditionally adhered to a top-down culture in which work is carried out in accordance with the decisions of the superiors and higher organizations in the workplace. For the safe and stable operation of power stations and other facilities, I think there are some aspects in which we must have a strict chain of command and behavior that follows a determined set of rules. However, for the sustainable growth of our organization under the new business environment such as the full deregulation of the electricity market and for thorough compliance, we need a corporate climate in which front-line employees who are familiar with its operations can openly give their opinions and suggestions from the bottom up.

Since assuming the chairmanship, I have been very conscious of these issues, and through dialogue with employees and many other opportunities, I have tried to change the organizational culture from one that is based on top-down to one that is bottom-up. As a result, I am acutely aware that my efforts have not been enough, and that more needs to be done.

In view of this series of improprieties, we have compiled a business improvement plan, and the entire Group is now working hard to carry it out. The plan has two major points.

The first is to strengthen internal controls. The Compliance Promotion Headquarters has been newly established to improve risk management and other systems, enhance education and training, and strengthen the internal audit function, thereby fundamentally reinforcing internal controls for the entire Group, including front-line workplaces.

The second point is to reform the organizational climate. The Organizational Climate Reform Committee, chaired by the president, has been established to change the organizational climate from a top-down culture to one in which all group members, regardless of position or affiliation, can frankly discuss their own thoughts and findings.

I intend to make sure that these new reforms by the executive side are making solid progress and to aggressively push these reforms ahead. The Board of Directors will conduct special supervision (reform monitoring) over the progress of the reforms, carefully following up on the efforts of the Compliance Promotion Headquarters and others, and providing advice and guidance on additional measures and improvement measures, as necessary.

In addition, since assuming the chairmanship, I have visited a number of workplaces and engaged in dialogue with employees, and I remain committed to communicating with them to create an open organizational climate where employees can discuss anything.

The Group will tenaciously pursue these reforms with the aim of gaining the trust of our customers and society as a whole.

Steady progress toward Medium-term Management Plan goals

Accelerating corporate growth from an externally objective perspective is also a cornerstone of governance, and an important role for me to play. In March 2021, the Company formulated the Medium-term Management Plan to identify the path to achieving the sustainable growth of the Group. This plan was created after thorough discussions from the formulation stage with the participation of outside directors, including myself.

Despite the continuing severe business environment, the Group has worked together to vigorously promote the three key initiatives of the plan, and we are seeing steady results, large and small, in all of the Group's business areas.

With regard to the first key initiative, seeking to achieve zero carbon emissions (EX), by 2050, I believe it is crucial to make effective use of renewables and nuclear power, which are non-fossil sources of energy.

In renewables, we are proud to be Japan's largest producer of hydroelectric power, and we have also achieved a large number of solar and wind power development projects both in Japan and overseas. In the nuclear energy, we had worked hard Group-wide to establish a system to operate our seven reactors at our nuclear power stations since the Great East Japan Earthquake, and with the

recent restart of the Takahama Units 1 and 2, we have been able to bring the system in operation. We will continue to make sustained use of this important base load power source, placing the highest priority on safety.

Furthermore, making thermal power generation zero-carbon is another major issue, and the use of hydrogen energy will be a key element. We expect that the hydrogen business has great growth potential in the future, and we are currently working on not only utilizing hydrogen as a fuel for power generation, but also establishing a hydrogen supply chain to manufacture, transport, and supply it. We have already begun studying the development of receiving and storage facilities in the Himeji area, one of Japan's leading industrial centers, and we are determined to fulfill our role as a major player in the coming hydrogen age.

For the second key initiative of transforming into a service provider (VX), we find that there is a great opportunity to create new value and services in our core businesses of energy, real estate, and information and telecommunications, as well as in areas around these sectors. Working hand in hand with our business partners, we are actively developing new businesses, including data centers and VPPs, to meet the various needs of our customers and society at large.

As for the third key initiative, building a robust corporate constitution (BX), we intend to create a strong management foundation through thorough cost reductions and the use of digital technology, among other means. Since the beginning of my term, I have been saying that there is tremendous room for cost reduction in the Company, and while we have already achieved a certain degree of progress, I will continue to promote creative and inventive measures going forward.

Innovation is the key to promoting any of these initiatives. I believe that innovation is not limited to the creation of new businesses and services, but also includes innovative changes in all aspects of business, such as technology, organization, and work processes. In order to achieve sustainable growth amidst the continuing challenging business environment, we need to fully mobilize the power of innovation from all members of the Group.

As part of this effort, in July 2023, we integrated the R&D function that is involved in technological development and the innovation function that creates new businesses, and we built a system to aggressively promote innovation in an integrated and dynamic manner.

We at the Group will further accelerate our efforts in the three key initiatives of EX, VX, and BX, and consistently achieve the goals set forth in the Medium-term Management Plan, by implementing Group-wide innovation.

Additionally, it is essential for us to look further into the future than the five-year period covered by the Medium-term Management Plan, and also to stay ahead of the curve toward the achievement of our vision for each of our businesses as we take into account changes in societal conditions and technological trends. We will continue to take up the challenge of achieving even greater growth for our Group.

In the spirit of our second founding, the Kansai Electric Power Company will once again shine brightly

The 1960s and 1970s were a valuable time for us as the very future of the Company was staked to build the Kurobegawa No. 4 Power Station (known as *Kuroyon*) and we became pioneers in the development of nuclear power in Japan. I believe it was during this period that we developed the indispensable spirit of boldly taking up challenges of achieving lofty goals and working together in unity to realize them.

It is no exaggeration to say that our second founding period is at hand now that we are facing these headwinds. We will once again revive the spirit that has been passed down to us from our predecessors, and regain the trust of society to become a truly reliable company. As we face new challenges and difficulties, we have resolved to make the next leap forward with the strength of all members of the Group.

Although my position and role differ from those of the executive officers and employees, I will continue to do my utmost to restore the Kansai Electric Power Company to its former glory.

Message from the Outside Director

Takamune Okihara

Director
Member of the Nominating
Committee
Member of the Audit
Committee



A review and prospects for the future

Since the cash/gift receiving incident and other problems, the Company has been taking various actions, including governance reforms, under a new business management system that incorporates an objective, external perspective. Amidst these circumstances, there have been instances of compliance-related improprieties. To ensure that such incidents never occur again, we at the Kansai Electric Power Group will resolutely reform our organizational culture to assure thorough compliance and will work together to prevent any recurrences. We are also focusing on a number of company-wide initiatives to restore confidence in our operations in a challenging business environment underpinned by societal changes such as the deregulation of the electricity market and the shift to decarbonization and digitalization.

As a member of the Nominating Committee, I have expressed my opinions on such matters as the operation of the succession plan for the president and the development of successor candidates and succession planning for candidates for outside directors. In addition, as a member of the Audit Committee, I have clarified the mission of the Audit Committee to conduct more effective audits and to improve governance. In Board of Directors meetings, I have made efforts to strengthen the management system, such as by giving my opinions on the status of the execution of duties by directors and executive officers as well as on the legality and appropriateness of matters brought before the Board of Directors.

Furthermore, I have worked to ensure the soundness of management by utilizing information obtained through dialogue with employees in the front-line workplaces and by making suggestions and offering opinions to executive officers and others as needed.

Looking ahead, I intend to continue to play a role in strengthening the supervisory function of the Board of Directors from an objective, external standpoint.

Expectations for the Kansai Electric Power Group

The electric power business is the bedrock of the economic activity of households and businesses, and by extension, a critical public infrastructure that is linked to national security, and therefore is required to provide a safe, inexpensive, and stable supply of electric power.

In order to reconstruct ourselves as a corporate group that is needed by our customers and society, it is essential that we continue to innovate technologically and reform our

management, and that we nurture an energetic organizational culture, a prerequisite for such innovation and reform. We are also expected to play a role in achieving carbon neutrality, a goal that is accelerating on a global scale.

Our Company has a spirit of initiative, having pioneered nuclear power generation and large-scale hydroelectric power generation in Kurobe. It is important to build on these foundations to cultivate a free and open corporate climate that allows for the free flow of ideas and the ability to voice any problems that may arise.

Meanwhile, the employees of the Group are highly talented. In the reforms at hand, it is crucial to clarify and convey to all employees a free and open corporate culture that respects this spirit of initiative. At the same time, if everyone in the Company, from the president to new employees, works in unity with a shared positive mindset and sense of crisis and tackles everything proactively and persistently, I believe we can achieve the reforms we are seeking.

Every one of our employees doing their best and excelling in their respective positions will make the entire Kansai Electric Power Group shine brighter and will further serve to create a new Kansai Electric Power Group, which, considering our role as the most important infrastructure for society, will shine a light on the economy and society of the entire Kansai region, and possibly even the entire nation and world. With such awareness, passion, and pride, I look forward to working persistently with all of our employees to make the Group robust and capable of sustainable development.

Message from the Outside Director



Atsuko Kaga
Director
Member of the
Compensation Committee

Efforts as a member of the Compensation Committee and future prospects

Since June 2020, when the Compensation Committee was established as a legally required part of the Company's shift to being a company with a nominating committee, etc., all members in the Compensation Committee have devoted themselves to developing and operating a compensation system that is commensurate with the responsibilities and achievements of each member, under a system in which all members are outside directors, based on the fundamental premise of ensuring objectivity and transparency.

Over the past year, taking into consideration social trends and the opinions of our shareholders and investors, we have introduced ESG-related indices into performance-based compensation and held discussions on various indices to ensure that targets are set to achieve the goals of the Medium-Term Management Plan. Moreover, in clarifying management responsibility in response to a series of scandals, the Compensation

Committee discussed and reviewed the details of disciplinary actions against those involved to ensure that they are appropriate, and the final decision was made by the Board of Directors. The Compensation Committee will continue to discuss and improve the quality of management to ensure that the compensation system and its level are appropriate in the future.

The majority of our Board of Directors is made up of outside directors, who engage in very lively discussions, and I think governance that values an objective viewpoint from an external perspective is taking root in the Company.

Last year, responding to requests from outside directors that they want to take more time to discuss important management issues with all directors, we held the Group's first joint training session for all directors and executive officers, where they spent two days in spirited discussion and deliberation on management issues and the direction of our growth strategies. My participation in the workshop deepened my understanding of the Company's business operations and I find that it enhanced the quality of the Board of Directors' discussions on medium- to long-term management policies, including the business portfolio of the entire Group.

In response to the series of improprieties, I will continue to put all of my energy into making the Board of Directors function better, with organizational climate reform and drastic reinforcement of internal controls being the major issues to be addressed.

Expectations for the Kansai Electric Power Group

After graduating from university, I was involved in the start-up of a university-launched venture company, which was rare in Japan at the time. Later, I was engaged in consensus building for an urban development project utilizing ICT at a railroad company and in the study of new urban development projects, and have been active in establishing and managing new businesses and organizations

since I was young. After becoming a researcher at a university, I did research and education on urban planning and development, and also worked on the establishment of a new department with the aim of training engineers and researchers to have an understanding of management. Among the many lessons I have learned from these experiences, one that I consider very important is to have an objective perspective. This is because when I was young, I was scolded by someone outside the company who was involved in a project with me, saying, "You are thinking only in terms of your company's internal logic, and you are only looking internally." This made me realize that I had become so entrenched in the organization to which I belonged and that my thinking was biased from an external perspective, and it also made me keenly aware of the need to have an objective point of view.

As the energy business is facing a major turning point, our Group is promoting new initiatives, including not only further expansion of renewable energy but also conversion to zero-carbon thermal power generation using hydrogen, as well as taking on the challenge of entering diverse business domains. In order to promote these efforts, it is necessary for us to always keep an objective point of view, to fully understand our own words, actions, and thoughts, as well as the conditions and challenges of our work within the organization and society, and to make appropriate decisions.

I would like everyone in the Group to listen to the voices of people in various positions and with different ideas so that they may broaden their perspectives through exposure to diverse values, and to constantly update their objective perspectives by visualizing their own actions and thoughts so that they can meet the expectations of customers and society, which change with the times.

I will continue to fulfill my role and responsibility in the Board of Directors, which is to make sound decisions and provide effective supervision while maintaining an objective and external perspective. I will do my utmost, respecting perspectives of various stakeholders, to help the Group achieve transformation and sustainable growth.

Directors



Director
Member of the Audit Committee

Motoko Tanaka

Director
Member of the Nominating Committee
Member of the Compensation Committee

Seiji Manabe

Director
Member of the Audit Committee

Fumio Naito

Director
Member of the Compensation Committee

Atsuko Kaga

Director
Member of the Audit Committee

Yasuji Shimamoto

Director
Member of the Audit Committee

Nobuhiro Nishizawa

Director
Member of the Nominating Committee
Member of the Audit Committee

Takamune Okihara

Director
Chairman of the Audit Committee

Hiroshi Tomono

Director
Member of the Nominating Committee
Chairperson of the Compensation Committee

Kazuko Takamatsu

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

Sadayuki Sakakibara

Director
Representative Executive Officer, President

Nozomu Mori

Director
Representative Executive Officer,
Vice President

Koji Inada

Director
Representative Executive Officer,
Vice President

Makoto Araki

Directors

Outside Directors and Independent Officers



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

Sadayuki Sakakibara

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, and has assumed office as Chairman of the Japan Business Federation. As such, Mr. Sakakibara has a wealth of experience as a corporate manager. Since June 2020, Mr. Sakakibara has appropriately supervised the overall management of the Company and provided useful advice as an outside director. In particular, in dealing with scandals involving violation of the Antimonopoly Act and improper handling of information on power producer and supplier (PPS) customers, which is prohibited by the Electricity Business Act, as Chairman and Director of the Company and Chair of the Board of Directors, Mr. Sakakibara has been providing strict supervision and guidance on efforts to reform the organizational climate and drastically strengthen internal controls to prevent recurrence, based on his belief that thorough compliance is a fundamental premise of management. The Company believes that Mr. Sakakibara can be expected to continue to play the same role.



Director
Member of the Nominating
Committee
Member of the Audit Committee

Takamune Okihara

May 2004: President and CEO, Representative Director, UFJ Bank Ltd.
June 2004: Director, UFJ Holdings, Inc.
Jan. 2006: Deputy President, Representative Director, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Apr. 2008: Deputy Chairman, Representative Director, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2010: Chairman, Representative Director, Mitsubishi UFJ Financial Group, Inc. (retired 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. 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. Also serving as a member of the Audit Committee since June 2022, Mr. Okihara has been devoting himself to invigorating Committee discussions and strengthening its functions by providing rational and useful recommendations on audit policies and other matters from his perspective as an experienced corporate manager. The Company believes that Mr. Okihara can be expected to continue to play the same role.



Director
Member of the Compensation
Committee

Atsuko Kaga

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 since June 2020. The Company believes that Ms. Kaga can be expected to continue to play the same role.



Director
Chairman of the Audit Committee

Hiroshi Tomono

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. As such, Mr. Tomono has a wealth of experience as a corporate manager. Mr. Tomono has provided opinions and advice on the management of the Company from a broad managerial perspective as Outside Director since June 2020. The Company believes that Mr. Tomono can be expected to continue to play the same role.



Director
Member of the Nominating
Committee
Chairperson of the Compensation
Committee

Kazuko Takamatsu

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 Audit Committee

Fumio Naito

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 since June 2020. The Company believes that Mr. Naito can be expected to continue to play the same role.

Directors



Director
Member of the Nominating
Committee
Member of the Compensation
Committee

Seiji Manabe

May 2012: President, Representative Director and Executive Officer,
West Japan Railway Company
June 2016: Chairman and Director, West Japan Railway Company
June 2021: Senior Adviser, West Japan Railway Company (to present)
June 2023: Outside Director of the Company (to present)

Appointment reason

Mr. Seiji Manabe has held important positions of West Japan Railway Company, a social infrastructure provider that operates diversified business centered on railway transport. As such, Mr. Manabe has a wealth of experience as a corporate manager. The Company believes that Mr. Manabe can be expected to provide opinions and advice on the management of the Company from a broad managerial perspective.



Director
Member of the Audit Committee

Motoko Tanaka

July 2019: Chief public prosecutor, Kobe District Public Prosecutors
Office (retired in September 2020)
Nov. 2020: Registered as attorney-at-law (to present)
June 2023: Outside Director of the Company (to present)

Appointment reason

Ms. Motoko Tanaka has held a number of important positions, among them Chief Prosecutor of the Kobe District Public Prosecutors Office. Ms. Tanaka now serves as an attorney-at-law, and has assumed office as outside officer of other companies. As such, Ms. Tanaka has a wealth of experience in the legal profession and supervision of corporate management. The Company believes that Ms. Tanaka can be expected to provide opinions and advice on the management of the Company from a broad perspective including compliance.

Directors



Director
Representative Executive Officer,
President

Nozomu Mori

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
June 2021: Director, Representative Executive Officer, Vice President
June 2022: Director, Representative Executive Officer and President of
the Company (to present)

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 and General Manager of the Community Energy Division and has been in charge of Hydrogen Business Strategy Division, etc., and has broad insight in these fields. Mr. Mori has also been responsible for the management of the Group as Director, Representative Executive Officer and Vice President since June 2021. Mr. Mori has contributed to increasing the Group's value by demonstrating leadership on management as a whole through continuing efforts set forth in the Kansai Electric Power Group Medium-term Management Plan (2021-2025) on a group-wide basis as Director, Representative Executive Officer and President from June 2022. Moreover, in dealing with the scandals, such as the finding of the violation of the Antimonopoly Act and the breach of the Electricity Business Act due to the improper handling of information on power producer and supplier (PPS) customers, Mr. Mori as leader rigorously strove to reform the organizational climate and fundamentally enhance its internal control in order to prevent recurrence, under a philosophy in which thorough compliance is the prerequisite for business management. Since Mr. Mori contributed to enhancing the effectiveness of the Board of Directors by leading deliberations on these important management issues and conducting appropriate supervision, the Company believes that Mr. Mori is well qualified to be responsible for supervision of the Company's management.



Director
Representative Executive Officer,
Vice President

Koji Inada

Apr. 1984: Entered The Kansai Electric Power Co., Inc.
June 2013: Executive Officer, Deputy General Manager of General
Planning Headquarters, General Manager of Corporate
Social Responsibility and Business Management
Department, General Manager of Nuclear Power Safety and
Quality Management Promotion Department
June 2015: Executive Officer, Acting Chief of General Planning
Headquarters, General Manager of Corporate Social
Responsibility and Business Management Department,
General Manager of Nuclear Power Safety and Quality
Management Promotion Department, Executive Officer,
Deputy General Manager of General Planning
Headquarters
June 2016: Managing Executive Officer, in charge of Office of Corporate
Planning, in charge of Office of IT Strategy
June 2018: Director, Managing Executive Officer of the Company
June 2019: Representative Director, Executive Vice President
June 2020: Director, Representative Executive Officer and Vice President
of the Company (to present)

Appointment reason

Mr. 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 the Group as a Director, Representative Executive Officer, Vice President since June 2020. In addition, Mr. Inada has led the discussions on power source portfolio and nuclear power business in light of Zero Carbon Vision 2050 and energy-related policy trends, and engages in an appropriate supervision on the management through expressing useful opinions, thereby contributing to enhancing the effectiveness of the Board of Directors. Moreover, in dealing with the scandals, such as the finding of the violation of the Antimonopoly Act and the breach of the Electricity Business Act due to the improper handling of information on power producer and supplier (PPS) customers, Mr. Inada rigorously strove to reform the organizational climate and fundamentally enhance its internal control in order to prevent recurrence, under a philosophy in which thorough compliance is the prerequisite for business management. Based on his experience and insight, the Company believes that Mr. Inada is well qualified to be responsible for supervision of the Company's management.

Directors



Director
Representative Executive Officer,
Vice President

Makoto Araki

Apr. 1987: Entered The Kansai Electric Power Co., Inc.
June 2016: Executive Officer, General Manager of Office of IT Strategy
June 2017: Executive Officer
Representative Director, Executive Vice President of K-Opticom Inc.
June 2018: Executive Officer
Representative Director, President of K-Opticom Inc.
April 2019: Executive Officer
Representative Director, President of OPTAGE Inc. (changed corporate name)
June 2021: Executive Vice President
June 2023: Director, Representative Executive Officer and Vice President of the Company (to present)

Appointment reason

Mr. Makoto Araki has extensive operational experience, primarily in the IT division, and experience as president of a subsidiary. Since being appointed as an Executive Vice President in June 2021, he has been in charge of Office of Compliance Promotion, Hydrogen Business Strategy Division and Office of IT Strategy, and has board insight in these fields. Moreover, in dealing with the scandals, such as the finding of the violation of the Antimonopoly Act and the breach of the Electricity Business Act due to the improper handling of information on power producer and supplier (PPS) customers, Mr. Araki rigorously strove to reform the organizational climate and fundamentally enhance its internal control in order to prevent recurrence, under a philosophy in which thorough compliance is the prerequisite for business management. The Company believes that Mr. Araki is well qualified to be responsible for supervision of the Company's management.



Director
Member of the Audit Committee

Yasuji Shimamoto

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)

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 Officer of Research and Development, and has broad insight in these fields. Mr. Shimamoto has been Executive Vice President since June 2020. He has been responsible for management as Director, and auditing as a member of the Audit Committee since June 2021. Moreover, in dealing with the scandals, such as the finding of the violation of the Antimonopoly Act and the breach of the Electricity Business Act due to the improper handling of information on power producer and supplier (PPS) customers, Mr. Shimamoto rigorously strove to reform the organizational climate and fundamentally enhance its internal control in order to prevent recurrence, under a philosophy in which thorough compliance is the prerequisite for business management. Based on his experience and insight, the Company believes that Mr. Shimamoto is well qualified to be responsible for supervision of the Company's management.



Director
Member of the Audit Committee

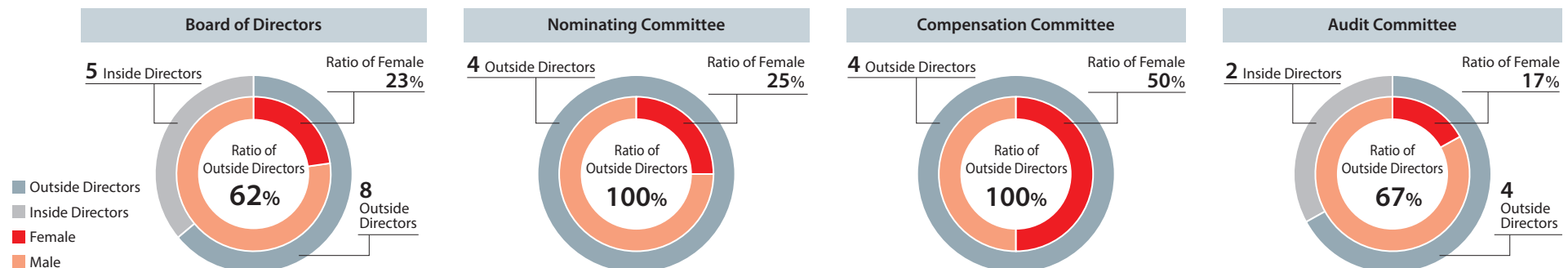
Nobuhiro Nishizawa

Apr. 1982: Entered The Kansai Electric Power Co., Inc.
June 2016: Executive Officer, General Manager of Office of Accounting and Finance
June 2019: Managing Executive Officer, General Manager of the Sourcing and Procurement Division, and in charge of Office of Nuclear Fuel Cycle (Nuclear Fuel Cycle Business) & Office of Accounting and Finance
June 2020: Director, Executive Vice President
June 2022: Director, Representative Executive Officer and Vice President of the Company
June 2023: Director of the Company (to present)

Appointment reason

Mr. Nobuhiro Nishizawa has extensive operational experience, primarily in the financing and accounting division. Since being appointed as a Managing Executive Officer in June 2019, 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 and has broad insight in these fields. Mr. Nishizawa has been responsible for the management of the Company as Executive Vice President since June 2020, as Director, Representative Executive Officer, and Vice President since June 2022, and as Director since June 2023. He has been responsible for auditing as a member of the Audit Committee since June 2023. In addition, Mr. Nishizawa has led discussions on the Group's capital policy and financial strategy, and engages in an appropriate supervision on the management through expressing useful opinions, thereby contributing to enhancing the effectiveness of the Board of Directors. Moreover, in dealing with the scandals, such as the finding of the violation of the Antimonopoly Act and the breach of the Electricity Business Act due to the improper handling of information on power producer and supplier (PPS) customers, Mr. Nishizawa rigorously strove to reform the organizational climate and fundamentally enhance its internal control in order to prevent recurrence, under a philosophy in which thorough compliance is the prerequisite for business management. Based on his experience and insight, the Company believes that Mr. Nishizawa is well qualified to be responsible for supervision of the Company's management.

Composition of the Board of Directors and committees



Executive Officers

Representative Executive Officer, President



Director
Representative
Executive Officer,
President

Nozomu Mori

Representative Executive Officers, Vice Presidents



Director
Representative Executive
Officer, Vice President

Koji Inada

Energy Business in general
In charge of Interim Storage
Promotion and Trading



Representative Executive
Officer, Vice President

Mikio Matsumura

General Manager of Customer
Solution Division
General Manager of International
and Cooperation Division



Representative Executive
Officer, Vice President

Hitoshi Mizuta

General Manager of Nuclear Power
Division



Director
Representative Executive
Officer, Vice President

Makoto Araki

Corporate Operations in general
In charge of Office of Organizational
Climate Reform, Office of IT Strategy,
and Office of Internal Auditing

Executive Vice Presidents



Executive Vice President

Naoki Naito

In charge of Energy Business
(Tokyo)



Executive Vice President

Takashi Tada

General Manager of Renewable
Energy Division
In charge of Office of Civil
Engineering and Architecture



Executive Vice President

Kazumitsu Takanishi

General Manager of Operation and
Trading Division
General Manager of Thermal Power
Division
General Manager of Innovation
Development Division
In charge of Hydrogen Business
Strategy Division



Executive Vice President

Nobuyuki Miyamoto

In charge of Office of Human
Resources and Safety Management
and Office of General Administration
General Manager of Office of Board
Directors



Executive Vice President

Yasushi Ando

Acting General Manager of Nuclear
Power Division
(Energy Planning)



Executive Vice President

Mika Makiyama

Acting General Manager of
Customer Solution Division
General Manager of Gas Business
Division



Executive Vice President

Hiroshi Ogawa

In charge of Office of Energy and
Environmental Planning, Office of
Nuclear Fuel Cycle (Nuclear Fuel
Cycle Business), and Office of Plant
Siting



Executive Vice President

Masaaki Ikeda

Chief Compliance Officer*
In charge of Office of Corporate
Communications



Executive Vice President

Toru Tanaka

In charge of Office of Corporate
Planning
General Manager of Sourcing and
Procurement Division
In charge of Office of Accounting
and Finance



Executive Vice President

Hayato Takabatake

Acting General Manager of
Nuclear Power Division (Nuclear
Safety & Technology, Nuclear
Power Generation, Nuclear Fuel)
In charge of Office of Nuclear Fuel
Cycle

*Also in charge of Compliance on Wheeling Service Guidelines
under the Electricity Business Act

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.

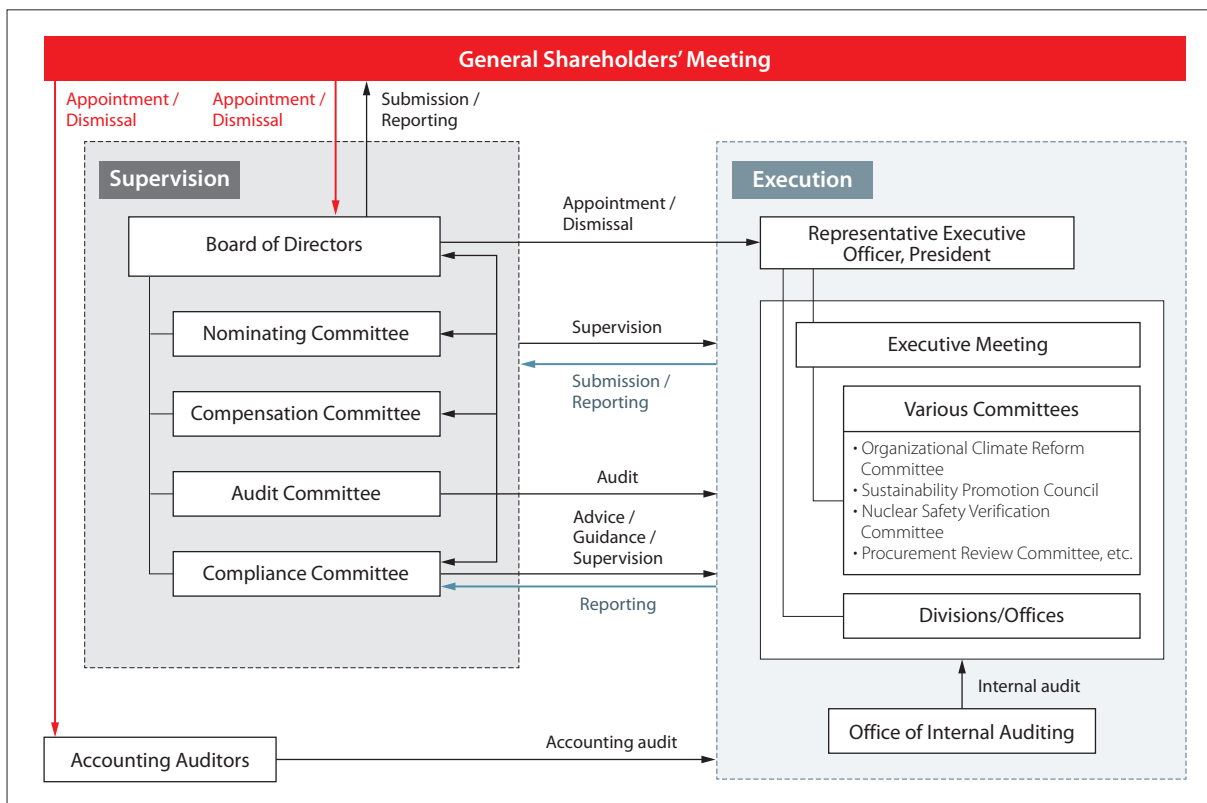
Recognizing that the most important management issue for achieving this goal is strengthening corporate governance, we have adopted the institutional design of a company with a

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, internationality, work history and age, the Board of Directors is a necessary and appropriate structure composed 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 (five 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: to illuminate the future path of the Group, including our corporate strategy, develop an environment that supports appropriate risk-taking by executive officers, and 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. Moreover, for particularly important matters, the Board of Directors will provide special supervision that requires in-depth reporting.

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 succession 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 succession 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, Kazuko Takamatsu and Seiji Manabe

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 remuneration, etc. for 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: Kazuko Takamatsu

Committee members: Sadayuki Sakakibara, Atsuko Kaga and Seiji Manabe

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 audits the execution of duties by executive officers, directors, employees, and other parties in the Company or its subsidiaries, from the viewpoint of legality and appropriateness. In addition, the Committee reports and expresses its opinions on 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 participate in important meeting structures, such as the Executive Meeting, and hear explanations of matters of importance in business management from executive officers.

Chairperson: Hiroshi Tomono

Committee members: Takamune Okihara, Fumio Naito, Motoko Tanaka, Yasuji Shimamoto and Nobuhiro Nishizawa

Corporate Governance Systems

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 outside 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 Company, also in light of diversity, including gender, internationality, work history and age, from the viewpoint of appropriate decision-making and effective supervision.

The Company has established its own judgment criteria for independency, as described below, in consideration of requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc. For outside directors, we assess their independency using these criteria from the perspective of their expected role in strengthening the supervisory function of the Board of Directors. 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.

<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		

Corporate Governance Systems

<Directors' skill matrix>

The following is a list detailing the experience and insight required for the members of the Company's Board of Directors, who have been selected by the Nominating Committee, as well as skills possessed by directors.

Directors	Management experience	Governance/ Risk management	Legal affairs/ Compliance	Finance/ Accounting	Technologies	Industrial policies	Public relations strategies	Global experience	Sales/ Marketing
Sadayuki Sakakibara	●	●			●	●		●	
Takamune Okihara	●	●		●				●	●
Atsuko Kaga					●	●			●
Hiroshi Tomono	●	●			●			●	
Kazuko Takamatsu	●						●	●	
Fumio Naito		●		●					
Seiji Manabe	●	●							
Motoko Tanaka		●	●						
Nozomu Mori	●				●	●			
Koji Inada	●				●	●			
Makoto Araki	●	●			●				●
Yasuji Shimamoto	●				●				
Nobuhiro Nishizawa		●		●					

Note: See page 105 for details regarding skills.

<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 front-line staff to promote their understanding of our business.

Corporate Governance Systems

Details regarding skills

Skills necessary for supervising the management of the Company are selected in line with the management philosophy, Medium-term Management Plan, important issues, etc. of the Company. Details regarding skills are as follows.

Management experience	Supervising overall management, including medium- to long-term management strategies such as the Zero Carbon Vision 2050, and management of human assets and organizations, based on management experience as a company executive.
Governance/Risk management	Supervising the establishment of governance, the development of resilient business infrastructure, and systems and operation related to risk management for overall business activities, including supply chains.
Legal affairs/Compliance	Supervising business activities based on expertise from the perspective of legal affairs and compliance.
Finance/Accounting	Supervising accurate financial reporting, maintenance of financial soundness, promotion of growth investment for improving corporate value, and financial strategies, capital policies, etc. for realizing appropriate shareholder returns.
Technologies	Supervising measures, etc. for the efficient operation of power generation business, etc. with top priority given to safety; identification and utilization of the latest technological trends, such as hydrogen; and response to DX and cyber security.
Industrial policies	Supervising measures for appropriate response to energy policy trends, etc., earning trust from communities including local governments, and regional revitalization.
Public relations strategies	Supervising measures for deepening of bilateral communication with and earning trust from a wide range of stakeholders.
Global experience	Supervising overseas investment and collaboration with overseas businesses.
Sales/Marketing	Supervising measures for improving profitability by providing new value and services beyond electricity sales, etc.

Corporate Governance Systems

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 their experience, business execution ability, personality, and other elements are good enough to take on management of the Company.

<Roles and responsibilities>

Executive officers make decisions on how the business of the Company is carried out, which is delegated to them by the Board of Directors and by the resolution of the Board of Directors, and also execute the operations of the Company.

<Training>

We hold training sessions for executive officers when and after they take up their post on a periodical basis to provide the knowledge necessary to fulfill their roles and responsibilities.

Executive Meeting and Committees

In order to deliberate on important business execution policies, plans, and execution of business for the entire Group and to receive necessary reports, based on the basic policies determined by the Board of Directors, we hold Executive Meeting every week as a general rule. The Executive Meeting is chaired by

Executive Officer and President, and consists of all our executive officers to ensure swift and appropriate corporate management. In addition to the above, for the purpose of ensuring appropriate and smooth business execution, we have established various committee organizations 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.

<Organizational Climate Reform Committee>

We have established the Organizational Climate Reform Committee, aimed at comprehensively forging ahead with organizational climate reform as well as measures to prevent recurrence of inappropriate handling of information regarding customers who have contracts with other power producers and suppliers and the violations of the Anti-Monopoly Act in the retail electricity business. The Committee's responsibilities include identifying and analyzing company-wide issues related to these incidents, formulating comprehensive measures for recurrence prevention, discussing and promoting specific measures for organizational climate reform and reinforcement of internal controls, and checking the implementation status of such measures.

<Internal Control Board>

The Internal Control Board has been established to manage risks associated with the Group's business activities at an appropriate level and to achieve sustainable growth of the Group. The Board assesses the development and operation status of internal control systems, discusses comprehensive improvement measures, gives instructions for improvement of inadequacies, checks the improvement status, and provides support.

<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.

<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.

Corporate Governance Systems

<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 Internal Auditing (including certified internal auditors and qualified internal auditors) 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

The Company has adopted the following advisor system.

<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

<Policy for determining remuneration, etc. for directors and executive officers>

Policy and outline of the remuneration system:

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.

Remuneration determination process:

With the Policy for Determining Remuneration of Directors and Executive Officers established and in accordance with this policy, the Compensation Committee, which is composed solely of outside directors, makes resolutions on the remuneration of individual directors and executive officers.

In addition, the Company utilizes data from external organizations and refers to the situation of other companies when considering compensation levels and other related issues.

<Remuneration system (Basic compensation, Performance-based compensation, and Stock-based compensation)>

Basic compensation:

The Company pays the base amount required for the position of each director and executive officer, taking into consideration the responsibilities required according to their respective job positions and other factors.

Performance-based compensation:

The Company's performance-based compensation consists of company-wide performance considering indicators aligned with the financial targets in the Medium-term Management Plan and results of ESG initiatives, and individual performance based on the results of initiatives in each responsible division. This type of compensation is calculated and paid based on the base amount set for each job position and the degree of achievement against the targets.

Stock-based compensation:

The Company grants a certain number of points to executive officers and others each year based on the base amount corresponding to their respective job positions. When they leave their post, the Company grants its shares and pays cash in the amount equivalent to the conversion value of the Company's shares in proportion to their respective accumulated points.

Corporate Governance Systems

<Remuneration System>

Breakdown of performance-based compensation

Company-wide performance 70%	Indicator		Percentage	Calculation formula
	Financial indicators	Consolidated ordinary income [100 billion yen]	70%	Achievement rate = Consolidated ordinary income / 100 billion yen
		FCF [-65 billion yen]	10%	Achievement rate = 100% when minus 65 billion yen is achieved; 10% increase/decrease for every 10-billion-yen deviation
		ROA [1.5%]	10%	Achievement rate = $\frac{\text{Actual ROA} / 1.5\%}{[\text{ROA} = (\text{Ordinary income} + \text{Interest expense}) / \text{Total assets}]}$
	Non-financial indicators	CO ₂ emission reduction	10%	Evaluated by the Compensation Committee with reference to the current status of efforts in CO ₂ emissions reduction as well as external evaluations by DJSI, CDP, MSCI, and Sustainalytics, in order to achieve the Medium-term Management Plan target (to be halved in 2025 compared to FY 2013).
External ESG assessment				
Individual performance 30%	Indicators	Individual performance (assessment)		
	Application	Base amount by job position (individual) x assessment rate (0-120%)		

Base amount of performance-based compensation by job position (annual amount)

- Director, Representative Executive Officer and Vice President: 22.8 million yen
- Director, Representative Executive Officer and Vice President: 17.4 million yen
- Representative Executive Vice President: 16.1 million yen
- Executive Vice President: 11.7 million yen

Company-wide performance varies in the range of 0 to 150% depending on the degree of achievement of performance indicators.

Individual performance varies within a range of 0% to 120%, depending on the performance results of each individual. Individual performance shall not be applicable but company-wide performance shall be applicable by 100% to the President

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.

Specifically, based on the performance evaluation system, we set financial and non-financial targets at the beginning of each fiscal year after confirming consistency between the plans and policies of each company and policies of the Group, confirming progress through communication by senior management during and at the end of each fiscal year. Additionally, we make prior adjustments to individual plans, such as investments of a certain scale or making inroads into new business fields. Through these efforts, we are striving to enhance the corporate value of our entire Group and prevent it from being undermined.

Corporate Governance Systems

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

The Company evaluates the effectiveness of the Board of Directors, etc. and takes proper steps to improve corporate governance, including operation of the Board of Directors to enhance the functions of the Board of Directors, Nominating Committee, Compensation Committee, and Audit Committee.

(1) The major issues based on the results of the effectiveness evaluation for fiscal 2021 and the main initiatives for fiscal 2022

Major issues for fiscal 2021	Main initiatives for fiscal 2022
① Enhancement of opportunities for communication between outside directors and management	We proactively created opportunities for informal communication between outside directors and management to improve mutual understanding by, for instance, holding opinion exchange meetings for directors and training sessions designed for all directors and executive officers. In addition, we held substantive discussions on important medium- to long-term issues such as the business portfolio and medium-term management plan.
② Increasingly substantive discussions on important medium- and long-term themes	
③ How the Board of Directors should supervise each audit function, etc.	We strived to improve the effectiveness of the supervisory function of the Board of Directors, etc. by establishing opportunities to share awareness of the relationship between the Board of Directors and the Audit Committee and by enhancing opinion exchanges with internal audit departments, etc.
④ Confirmation of training for officers and implementation status	We have stepped up the Board of Directors' supervision of officer training by reporting to the Board of Directors on the status of implementation and future direction of officer training, reflecting the Board of Directors' opinions as appropriate.
⑤ Further improvement in the composition of the Board of Directors	The Nominating Committee discussed, on a continual basis, the board succession, including the selection of candidates for the Board of Directors to be proposed at the General Shareholders' Meeting, in order to ensure that the board is composed taking into account diversity in terms of gender, age, work history, and other aspects.

(2) Overview of effectiveness evaluation for fiscal 2022

Evaluation/analysis method	Evaluation items
<ul style="list-style-type: none"> Using a third-party organization, we conducted a survey targeting all directors (5-point scale and free answer) on the effectiveness of the Board of Directors, etc. Based on the analysis of the survey results by the third-party organization, the effectiveness of the Board of Directors, etc. was deliberated and evaluated at the Board of Directors meeting held on April 27, 2023. 	<ol style="list-style-type: none"> Role/function of the Board of Directors Status of efforts for the business improvement plan Composition/size of the Board of Directors Operation of the Board of Directors Operation of the Nominating, Compensation, and Audit Committees Role of and support system for outside directors Relationships with shareholders, investors, etc. Improvement status of last year's major issues

(3) General comments on effectiveness evaluation for fiscal 2022

General comments on survey results for fiscal 2022
<p>The results confirmed the strengths of the Board of Directors: "substantive discussions regarding management strategy and other important medium- to long-term themes," which is the role of the Board of Directors, and "appropriate management of the Board of Directors, such as providing sufficient information and ensuring sufficient time for deliberation, as well as the number of the board members" that support the substantive discussions. The survey analysis also confirmed that the common strength of the Nominating, Compensation, and Audit Committees is the "appropriate management of agenda setting, sufficient provision of information, etc."</p> <p>In addition, because the results showed that the evaluation items associated with the improvement status for the previous year's major issues had "generally improved," we have confirmed that the effectiveness of the Board of Directors, etc. has been steadily improving.</p> <p>On the other hand, we have also confirmed analysis results showing that organizational climate reform and compliance promotion are major issues we must focus on due to the occurrence of incidents described in "(Reference) Details Regarding Inappropriate Incidents Related to Compliance (on pages 54-57 of the Business Report for fiscal 2022)."</p> <p>The Group is determined to reform its organizational climate so that each and every employee takes thorough compliance seriously "with a sense of commitment" and puts it into practice, while at the same time fundamentally strengthening internal controls across the Group. The Board of Directors will enhance its supervisory function over these and other efforts on the executive side, and continuously strive to improve effectiveness.</p>

(4) Major future issues and direction for addressing the issues

Major future issues	Direction for addressing future issues
① Further efforts toward organizational climate reform and stricter compliance	The Board of Directors will enhance its supervisory function and vigorously push forward reform of the organizational climate and reinforcement of compliance by improving reporting details and deliberation time regarding the status of initiatives headed by the Emergency Response Division and the development and operation of internal controls, including the whistleblowing system.
② Supervision of the Nominating and Compensation Committees by the Board of Directors	The Board of Directors will improve its supervisory function by sharing awareness of matters that the Board of Directors should supervise with respect to nomination and compensation, and by ensuring sufficient reporting at the Board of Directors.
③ Information disclosure and explanation to shareholders, investors, etc.	The Board of Directors will enhance its supervisory function from the perspective of shareholders, investors, etc., with regard to the way information on important matters is disclosed and on providing opportunities for information dissemination in order to build appropriate relationships with shareholders, investors, etc.
④ Further improvement of the composition of the Board of Directors	The Nominating Committee will continue to discuss the ideal composition of the Board of Directors in view of the future business environment.

Corporate Governance Systems

Operating status of fiscal 2022

Board of Directors

Based on laws and regulations and the rules for the Board of Directors, the Board of Directors resolves important matters related to the management of the Group, such as proposals submitted to the General Shareholders' Meeting, composition of each committee, appointment/change of executive officers, and personnel measures for officers. Furthermore, the progress of efforts to address issues* including the violation of the Electricity Business Act due to improper handling of information on power producer and supplier (PPS) customers, business portfolio, progress status of our medium-term management plan including quarterly financial results, operational status of 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 2022, three 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. In addition, in fiscal 2022, based on the opinion of outside directors that they would like opportunities to take more time in the discussion of management issues, both internally and externally, a joint training session was held by directors and executive officers. At the session, important themes such as "Power source portfolio toward 2050" and "Organizational climate reform and human capital innovation" were discussed over two days.

Views obtained through these opinion exchange and other meetings and opportunities are reflected in our business management and subsequent discussions at the Board of Directors.

Furthermore, throughout the year, our independent outside

directors actively seek to understand the Company's situation by receiving advance briefings on Board of Directors agenda items, inspecting front-line workplaces such as nuclear power plants, and engaging in dialogue with employees.

*As the Business Improvement Plan was formulated following inappropriate compliance-related incidents, the Board of Directors has conducted special supervision to verify the achievement status of a series of reforms, including organizational climate reform and radical strengthening of internal controls, from a continuous and objective viewpoint. Through the supervision, the Board monitors the implementation status of the Business Improvement Plan and provides guidance.

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 succession plan for the Executive Officer and President, successor development process, commissioning of advisors, and other matters. For fiscal 2022, priority items discussed and opinions exchanged include the following:

- Operation of succession plan for Executive Officer and President, and development of successor candidates
- Director change proposals for the General Shareholders' Meeting
- Succession plan for outside directors
- Details of personnel measures for officers

Compensation Committee

The Committee decides on the policy and details of compensation of respective directors and executive officers, and deliberates on compensation for advisors. For fiscal 2022, priority items discussed and opinions exchanged include the following:

- Policy on determining compensation for the Company's officers based on the results of surveys on compensation standards of other companies, trends in compensation policies, etc.

- Performance-based compensation system and goal setting (including introduction of ESG-related indices)

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. Audit reports and opinions therein are provided to the Board of Directors and executive officers. Priority audits and other items conducted in fiscal 2022 include the following:

- Status of efforts to strengthen compliance and governance
- Status of efforts made in line with the medium-term management plan
- Dialogue with front-line workers
- Response to proceedings for damages against our former executives filed by the Company concerning problems such as receiving cash and gifts and remuneration for part-time service after retirement.

The Audit Committee is briefed on audit plans from our accounting auditor at the beginning of the fiscal year. As for the implementation status of the plans, the Committee receives reports on the quarterly review status in every quarter, as well as reports on annual audit status at the interim period and the end of the fiscal year, and thereby exchange opinions. In this way, a close cooperative relationship is maintained between them. The Committee also holds discussions with the accounting auditor multiple times during the fiscal year to exchange opinions on Key Audit Matters (KAM).

The main examples of the cooperative relationship between the Audit Committee and the accounting auditor are as follows.

Corporate Governance Systems

Item	Period	Overview
Briefing on audit plans	July*1	The Audit Committee is briefed on audit plans for the current fiscal year.
Quarterly review report	July, October, January	The Audit Committee receives report on quarterly review results from the accounting auditor and exchanges opinions.
Interim audit report	December	The Audit Committee receives an interim report on accounting auditor's audit and exchanges opinions.
Year-end audit report	May, June	The Audit Committee receives year-end report on the accounting auditor's audit (including internal control audit status) as well as a detailed report on the status of the accounting auditor's performance of duties.
Key Audit Matters (KAM)	September, December, May, June	The Audit Committee members and the accounting auditor discuss and exchange opinions about KAM*2.

*1 Throughout the fiscal year, the Committee receives reports of revisions to the audit plan, if any, at the time when each report is made.

*2 The Committee also confirms the appropriateness and consistency of KAM-related information disclosure.

Activities of directors

Board of Directors, Nominating Committee, Compensation Committee, and Audit Committee meetings held in fiscal 2022 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% (14/14 attendances)	◎100% (7/7 attendances)	100% (2/2 attendances)	—
Takamune Okihara*	100% (14/14 attendances)	100% (7/7 attendances)	100% (1/1 attendance)	100% (11/11 attendances)
Tetsuya Kobayashi*	79% (11/14 attendances)	71% (5/7 attendances)	100% (2/2 attendances)	—
Shigeo Sasaki*	100% (14/14 attendances)	—	—	100% (15/15 attendances)
Atsuko Kaga*	93% (13/14 attendances)	—	100% (2/2 attendances)	100% (4/4 attendances)
Hiroshi Tomono*	100% (14/14 attendances)	—	—	◎100% (15/15 attendances)
Kazuko Takamatsu*	100% (14/14 attendances)	100% (7/7 attendances)	◎100% (1/1 attendance)	—
Fumio Naito*	100% (14/14 attendances)	—	—	100% (15/15 attendances)
Nozomu Mori	100% (14/14 attendances)	—	—	—
Koji Inada	93% (13/14 attendances)	—	—	—
Nobuhiro Nishizawa	100% (11/11 attendances)	—	—	—
Yasushi Sugimoto	100% (14/14 attendances)	—	—	100% (15/15 attendances)
Yasuji Shimamoto	100% (14/14 attendances)	—	—	100% (15/15 attendances)

Notes:

1 The percentages are rounded off to the whole number. 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.

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 103.)

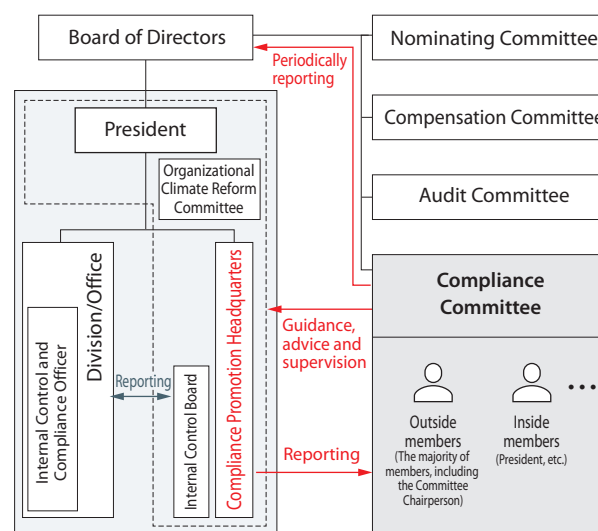
In July 2023, for centrally promoting compliance and risk management throughout the Group, the Compliance Promotion Headquarters was newly set up by integrating compliance on wheeling service guidelines, risk management, internal control, and other functions into the Office of Compliance Promotion. At the same time, the position of Chief Compliance Officer (CCO) was established as the officer with ultimate responsibility for compliance promotion. Additionally, the Internal Control Board was set up to deliberate internal controls, including risk management, for the entire Group*. In addition, aiming to enhance the effectiveness of internal controls at operating divisions, including front lines, each operating division now has an Internal Control and Compliance Officer to step up cooperation with corporate divisions.

The Compliance Promotion Headquarters is composed of staff members with legal knowledge as well as diverse work experience. In addition to formulating and implementing the Group's compliance promotion plans and responding to problematic events, the Headquarters provides training for compliance, encourages compliance with laws and regulations in cooperation with corporate divisions, and conducts interviews and provides guidance on efforts made

by each operating division, etc.

The Headquarters reports on and brings up compliance-related events for discussion to the Compliance Committee. With the guidance, advice and supervision of the Compliance Committee, the President and other executive officers are subsequently able to act and take concrete measures.

* See page 117 for details regarding risk management.



<Reference> Compliance Committee meetings held in fiscal 2022

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.

A total of 10 meetings were held in fiscal 2022, focusing on investigation reports on problematic events related to compliance, as well as the deliberation of a compliance promotion plan and compliance-related training.

Efforts to promote compliance

The Group assesses compliance risks every year and selects compliance risk items to be addressed. For those risks, we develop and implement concrete preventive measures as a compliance promotion plan every fiscal year.

For fiscal 2023, major items for promoting compliance that should be recognized and worked on by the entire Group are “rebuilding a mechanism to ensure compliance with laws and regulations, with an appropriate competitive environment and an organization to execute them,” “further heightening sensitivity to compliance risks,” “creating a workplace where it is easier for employees to speak out and where compliance issues are tackled on an organizational basis,” and “carrying out flexible compliance promotion activities tailored to the workplace.”

Going forward, we will steadily implement this plan and add new initiatives as needed.

Compliance Promotion Plan for fiscal 2023 • As of May 31, 2023

1. Rebuilding a mechanism to ensure compliance with laws and regulations, with an appropriate competitive environment and an organization to execute them

<Strengthening internal control and risk management systems and mechanisms>

We will create mechanisms and rules to promote compliance, fundamentally strengthen risk management and internal controls groupwide, and rebuild the organization to centrally execute and promote them.

Compliance

2. Further heightening sensitivity to compliance risks

<Provision of training>

Effective compliance training that goes beyond the acquisition of knowledge to truly ensure and practice compliance in routine work is provided across the Group, including education for directors and employees at our group companies.

<Implementation of awareness-raising activities>

We will raise employees' awareness of compliance through communication between outside members of the Compliance Committee and employees, introduction of internal and external case studies, and other measures.

<Ingraining compliance awareness into routine work>

We will ensure that everyone is familiar with laws, regulations, and internal rules, so both superiors and subordinates understand the risks of problematic events related to compliance that may occur during routine work and share their awareness.

3. Creating a workplace where it is easier for employees to speak out and where compliance issues are tackled on an organizational basis

<Initiatives to create a workplace with high psychological safety>

We will create a workplace with high "psychological safety" where subordinates feel free to consult with their superiors and express their opinions, enhancing communication between them.

<Initiatives to encourage employee opinions>

We will promote communication between the compliance promotion manager and the compliance promotion staff at

each site, and will also enhance communication between the head office and the workplaces.

<Initiatives to promote and utilize whistleblowing>

We will create a system to lower the psychological hurdle for whistleblowing by introducing an internal leniency system and by other means, carrying out awareness-raising activities toward better understanding and increased use of our whistleblowing system.

4. Carrying out flexible compliance promotion activities tailored to the workplace

<Sharing workplace initiatives>

To boost compliance activities at each base, information exchange meetings will be held among divisions and group companies according to the category and description of business, number of employees, work arrangements, etc.

<Awareness-raising activities on rules regarding gifts and hospitality>

We will promote employees' understanding of the purpose of these rules through communication with each division, enhanced Q&A sessions, etc. and consider revising the Regulations on Handling of Gifts and Hospitality to make them easier to understand.

<Appropriate review of internal rules, etc.>

We will urge periodic reviews (simplification, abolition, etc.) of internal rules and business operations that do not correspond with actual business situations, as they can result in a decline in normative consciousness and other undesirable outcomes.

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.

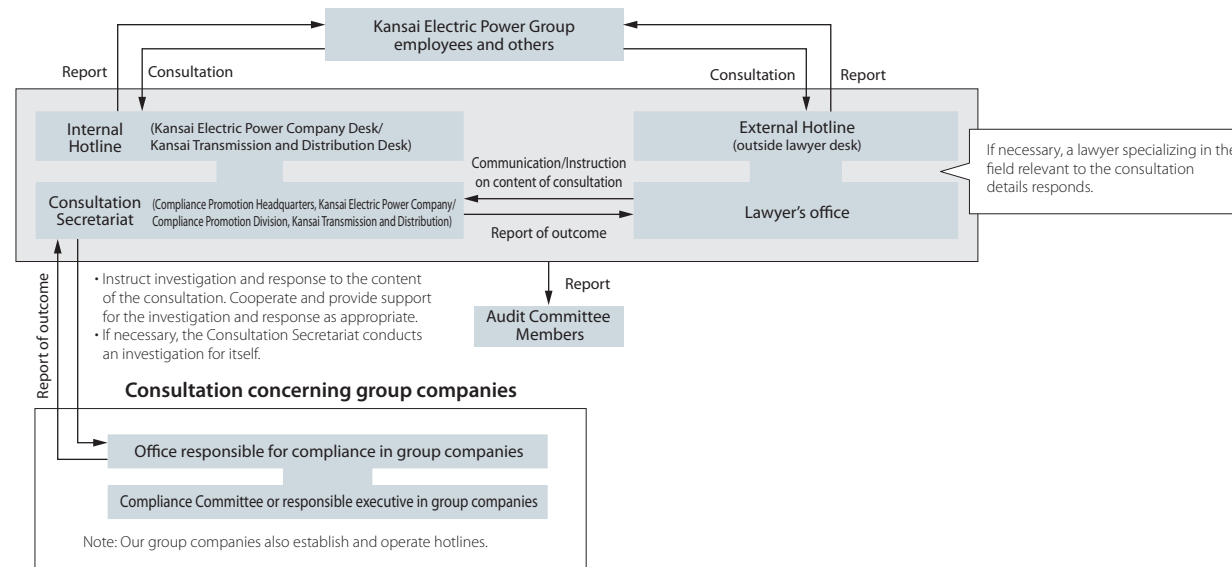
Our Compliance Hotline has been set up for consultation when people have doubts related to compliance in their workplaces, and in regard to various legal violations and improper work conduct. This hotline is available not only to officers and employees of our group companies and contractors but also to those retired or resigned from the above. The hotline 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 they can request the Compliance Committee or Audit Committee to take effective measures at their 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 consultants due to having received consultation. Paying close attention to protecting the confidentiality of consultants, we disclose consultants' 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 consultant.

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

Compliance

Kansai Electric Power Group Compliance Hotline



Responding to compliance violations

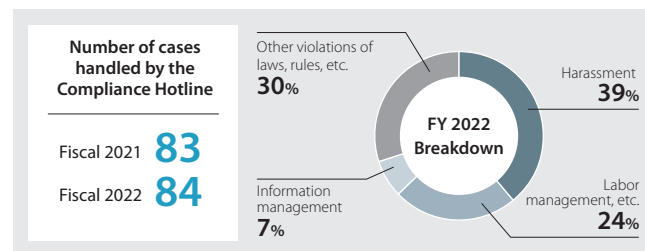
Based on our business improvement plan formulated in fiscal 2019, the Company and Kansai Transmission and Distribution, Inc. have established a reporting system when a problematic event occurs, and stipulated the reporting rules for executives and employees in our internal rules.

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 Chief Compliance Officer (CCO). The CCO 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 CCO 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

Enhancement and improvement of the consultation desk, including introduction of an internal leniency system

Based on the Business Improvement Plan formulated in May 2023, we will further promote the use of the consultation desk by, for example, informing employees of the post-consultation process to lower their resistance toward using the system, and also introduce an internal leniency system. The internal leniency system allows consideration of lessening severity of the final disciplinary action for employees who voluntarily report compliance violations to the company. We will enhance and improve our consultation desk to detect legal violations and inappropriate business operations at an early stage and take measures as an organization.



<Examples of awareness-raising tools>

Compliance

any compliance issue has reoccurred. If a compliance issue has reoccurred, the CCO can discuss necessary measures with relevant divisions as well as other related divisions.

Examples of actions taken in past events of violation

<Unmet work experience requirements for construction management technical certification exam>

On June 18, 2021, a report to the Compliance Hotline revealed that some employees in our group companies had taken construction management technical certification exams and obtained certification without satisfying the prescribed work experience requirements. Based on guidance and advice from the Compliance Committee, a third-party committee was established on July 30, 2021 for the purpose of conducting an objective and thorough investigation, inquiring into the cause, and providing recommendations on recurrence prevention measures.

The third-party committee investigated 3,372 current employees and 704 retired employees from 15 companies, including the Kansai Electric Power Company, as to the following three matters.

- ① Unmet work experience requirements for eligibility to receive the technical certification exam
- ② Existence and extent of properties where a person who did not satisfy work experience requirements was assigned as a chief engineer or supervisory engineer on site based on certification that was determined to be inadequate
- ③ The quality of construction work at properties where a person who did not satisfy work experience requirements was assigned as a chief engineer or supervisory engineer on site based on certification that was determined to be inadequate

Results from the investigation by the third-party committee and the subsequently formulated recurrence prevention measures were announced on December 20, 2022.

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 basic 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 basic policies and major themes, each of our group companies is promoting compliance based on the characteristics and sizes of their businesses, as well as other real conditions.

Supporting the efforts of each division and group company

In addition to leading the promotion of efforts of the Group as a whole, the Compliance Promotion Headquarters is supporting the efforts of 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.

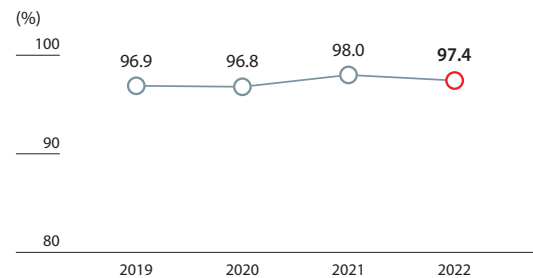
In particular, as tightening of bribery regulations has become a global trend, we have established internal rules to prevent bribery of foreign public officials, etc., and clarified prohibited items such as gift-giving and entertainment with wrongful intentions as well as items to be observed. At the 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

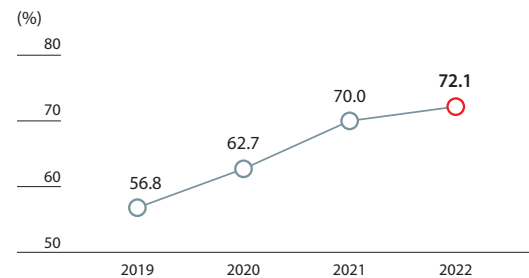
Results of a questionnaire for all employees regarding compliance awareness, etc.

The Company and Kansai Transmission and Distribution, Inc. conduct a "Sustainability 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 climate that emphasizes compliance.

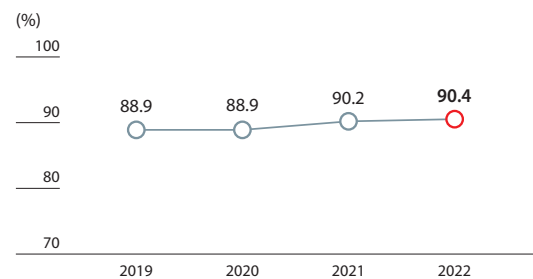
Q You always act with an awareness of compliance.



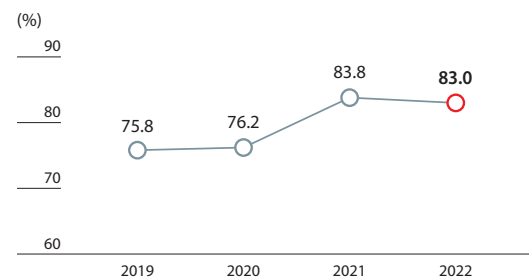
Q You feel that the management has a strong sense of integrity and is taking the lead in reform of your company.



Q You are doing your job with a sense of mission.



Q You find your job rewarding and are proud of it.



Survey period: November 7 to November 25, 2022
 Respondents: All employees of the Kansai Electric Power Co., Inc. and
 Kansai Transmission and Distribution, Inc.
 Number of respondents: 16,614 [Response rate: 89.7%]

[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.

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.

With the position of "Internal Control and Compliance Officer" newly set up, each operating division is promoting autonomous risk management in the division in collaboration with front-line workplaces, etc., and through risk management plans and evaluation of results.

Management of risks considered to have cross-organizational importance, such as information security, business management at subsidiaries, human capital base, market risk, financial report reliability, environment, energy policy, disasters, compliance (including laws and regulations in a competitive environment), and appropriateness of procurement, is enhanced by the supervision of departments with specialized expertise in each area of such risks that provide advice and guidance to the operating divisions on an as-needed basis.

The Compliance Promotion Headquarters supports these efforts and centrally promotes compliance, risk management, etc. for the entire group.*

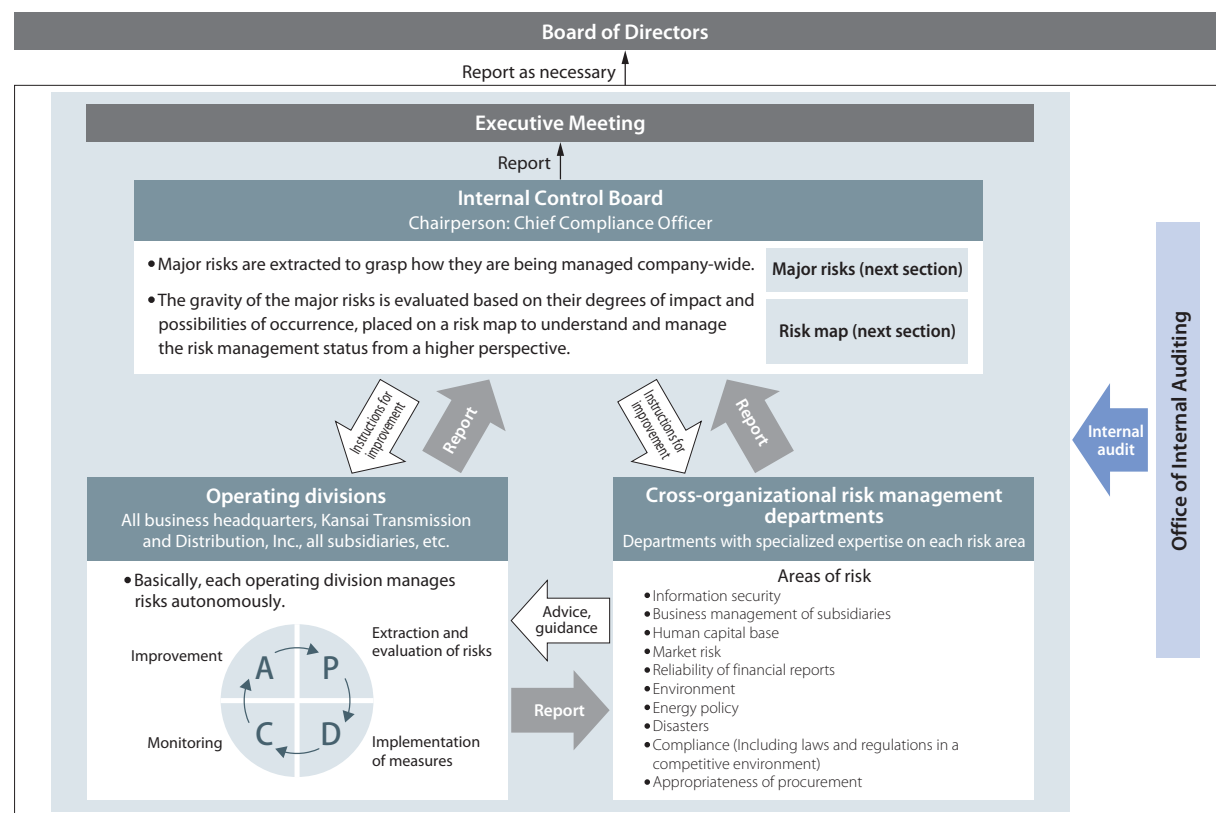
* See page 112 for a general picture of our compliance promotion system.

Moreover, an Internal Control Board has been established to put risks under central management. The Chairperson of the Board, who also serves as the Chief Compliance Officer, is appointed as the Risk Management Officer of the Group, and the Board strives to manage risks associated with the Group's business activities at an appropriate level through this system.

The Internal Control Board oversees risk management plans by, for instance, coordinating cooperation between corporate divisions and operating divisions that have expertise to ensure group-wide risk management. The Board

also reports its risk evaluation results to the Executive Meeting and, as necessary, 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 audit results. In fiscal 2023, we will clarify issues in our internal control systems, including risk management, based also on the opinions of external experts, and consider concrete ways to make improvements.



Risk Management

Risk management status

We identify major risks that could greatly affect our Group's business activities, ascertaining and evaluating how they 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, 2023 and financial results for the three months ended June 30, 2023 (only available in Japanese).

<Reason for changes in Gravity>

- 《4》 Human capital base: Following the consolidation of the aforementioned major risks, reevaluation was made on this occasion with the risk event defined as an obstacle to stable securement of diverse and talented human capital. As a result, the gravity was revised downward.
- 《11》 Decrease in profits from power transmission and distribution business: Revised downward considering mitigation of the risk with the approval of our application for the new wheeling pricing system.
- 《12》 Decrease in profits from information and telecommunications business: Revised downward considering the fact that no risks occurred in the most recent fiscal years.

- 《13》 Decrease in profits from life/business solution business: Revised downward considering the fact that no risks occurred in the most recent fiscal years.

Major risks

Organizational goals/ Classification	Major risks	Gravity	
		FY 2022	FY 2023
E	《1》 Climate change	High	High
	《2》 Environmental issues (violation of environmental laws and regulations, etc.)	Medium	Medium
	《3》 Release of radioactive materials	Huge	Huge
S	《4》 Human capital base	High	Medium
	《5》 Natural disasters, changes in international situations, etc.	High	High
	《6》 Information security	High	High
	《7》 Stagnation of innovation	Medium	Medium
G	《8》 Governance / Compliance	High	High

Organizational goals/ Classification			Major risks	Gravity	
				FY 2022	FY 2023
Achievement of financial targets	Business environment		《9》 Market risk (fluctuations in market conditions)	High	High
	Undershooting of profit targets	Energy	《10》 Decrease in profits from energy business	High	High
		Transmission & Distribution	《11》 Decrease in profits from power transmission and distribution business	Medium	Low
		Information & Telecommunications	《12》 Decrease in profits from information and telecommunications business	Medium	Low
		Life/Business Solution	《13》 Decrease in profits from life/business solution business	Medium	Low

Risk Management

Risk map

Degree of impact	Huge • Raises doubts about business continuity	《3》 Release of radioactive materials				
	High Exerts major impact on corporate management and takes time to recover • "High" in monetary value • Extended power outage • Permanent disruption/ Not being able to return to work/Death • News coverage and response across the country		《4》 Human capital base		《1》 Climate change 《5》 Natural disasters, changes in international situations, etc. 《6》 Information security 《8》 Governance / Compliance 《9》 Market risk (fluctuations in market conditions) 《10》 Decrease in profits from energy business	
	Medium Exerts a certain degree of impact on corporate management • "Medium" in monetary value • Medium-scale power outage • Serious injury • News coverage and response in the Kansai area					
	Low Exerts small impact on corporate management • "Low" in monetary value • Small-scale power outage • Minor injury • News coverage and response in specific areas			《11》 Decrease in profits from power transmission and distribution business 《12》 Decrease in profits from information and telecommunications business 《13》 Decrease in profits from life/business solution business	《2》 Environmental issues (violation of environmental laws and regulations, etc.) 《7》 Stagnation of innovation	
		Minimum • Extremely unlikely to materialize	Low • Less than once/10 years • Unlikely to materialize within 10 years	Medium • Once or more/10 years - Less than once/3 years • Possibly materialize within 10 years	High • Once or more/3 years • Possibly materialize within 3 years	Maximum • Once or more/year • Has already materialized and is likely to continue
		Probability of occurrence				
Gravity		<div>Low Medium High Huge</div>				
		Red font: Perspective of achieving financial targets Black font: Perspective of ESG				

Investment risk management

<Investment evaluation system>

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.

<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.

Risk Management

<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.

| Supply chain management

Kansai Electric Power Group Basic Procurement Policy

In January 2021, the Kansai Electric Power Group announced the Kansai Electric Power Group Basic Procurement Policy (hereinafter, the "Policy") to endeavor to carry out sustainable, transparent, and responsible procurement in all business activities.

In accordance with the Kansai Electric Power Group Code of Conduct and the Policy, we will endeavor to carry out sustainable, transparent, and responsible procurement activities in all business activities. Our procurement activities are supported by our suppliers, who we view as valuable partners, and we will place importance on communication as we move forward with procurement initiatives.

The Sourcing and Procurement Division holds in-house discussions on the Policy and provides new employee training, for the purpose of disseminating and implementing the Policy.

We make use of supplier registration and other opportunities to explain the Policy to our suppliers and ask for their cooperation in fact-finding surveys, etc. to monitor how sustainability-related tasks are addressed.

1. Practice and ensure strict compliance.

With the practice and ensuring of strict compliance positioned as the foundation to all procurement activities, we shall thoroughly observe all relevant laws, regulations, and morals thereof.

We shall also give due consideration to the strict management and protection of personal and confidential information, as well as intellectual property.

2. Carry out transparent and responsible procurement activities.

We shall carry out highly transparent and responsible procurement activities. We shall not participate in bribery or other corrupt conduct with the goal of obtaining profits unfairly nor shall we provide convenience only to specific individuals or companies. Furthermore, we shall have no relationship with antisocial forces or organizations.

We shall expand our business through new transactions with companies at home and abroad. When selecting suppliers, selection shall be conducted in a fair and equitable manner according to the supplier selection criteria outlined below, taking into consideration economic and social rationality.

Criteria for selecting suppliers:

We shall select suppliers by considering factors including thorough compliance implementation; respect for human rights; safety; quality; level of technical expertise; attention to environmental considerations; business conditions; 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.

3. Respect human rights.

With respect for human rights, we shall not be involved in any forms of discrimination or inhumane treatment (forced labor, child labor, etc.). We shall also respect workers' rights (freedom of association, collective bargaining rights, payment of appropriate wages, etc.).

4. Establish strong partnerships.

We shall establish strong partnerships with our suppliers by deepening bilateral communication and working together to make improvements. We shall also strive to build relationships toward mutual development through collaboration to optimize the entire supply chain, from material procurement, manufacturing, and logistics through to maintenance.

5. Ensure safety.

By making the assurance of safety the top priority in all activities, we shall thoroughly implement measures to prevent occupational accidents and occupational diseases, and to ensure public safety.

6. Promote cost reduction and quality improvement efforts.

We shall promote sustainable low-cost procurement efforts by reducing costs through technological innovation and new ideas, as well as by strengthening cooperation with our suppliers. Moreover, for the sake of our customers, we shall work to maintain and improve the quality and technical expertise of the products and services we provide.

7. Always consider the environment and contribute to local communities.

We shall promote procurement of materials with low environmental impacts to help build a decarbonized, recycling-oriented society. We shall also contribute to the development of local communities in cooperation with our suppliers.

8. Achieve continuous and stable procurement.

Together with our suppliers, we shall seek to ensure continuous and stable procurement by improving our methods of placing orders and other means. Moreover, in preparation for the occurrence of accidents and natural disasters, as well as the spread of infectious diseases, we shall thoroughly implement crisis management in a systematic manner. In such emergency events, we shall endeavor to promptly arrange necessary materials and equipment.

Risk Management

Procurement activities in line with the Declaration on Partnership Building

In October 2020, we announced our Declaration on Partnership Building.

In order to implement procurement activities in line with this declaration, we inform both internal and external parties of the details of the declaration and sincerely respond to requests and consultations from our suppliers, thereby endeavoring to build a relationship of co-existence and co-prosperity.

Information security initiatives

Basic policy

The Company believes that one key duty is to advance information security efforts to ensure the safe and stable supply of power and to protect customer information in our possession. In particular, amid increasing cyber attacks around the world and the targeting of important infrastructure operators, information security management is being promoted by strengthening cyber security measures based on the relevant laws, regulations, and guidelines related to cyber security management along with in-house rules. At the same time, our in-house rules and systems are revised on a continual basis as a countermeasure against improper handling of personal information. As for the promotion of economic security, necessary measures will be taken as soon as the details related to the system are finalized.

Information security promotion system for the entire Group

In our corporate information security promotion system, we have a Chief Information Security Officer (CISO) [Executive

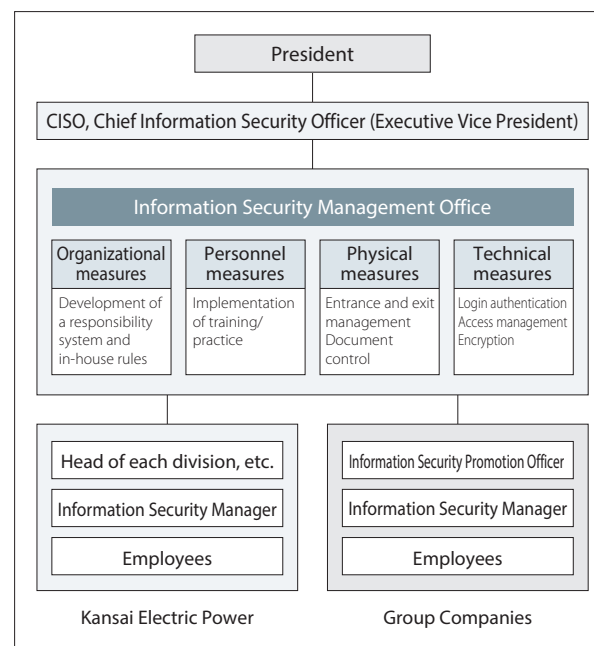
Vice President] and deploy Information Security Managers to promote specific efforts in each workplace.

In addition, our group companies are undertaking independent efforts based on the Kansai Electric Power Group 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)



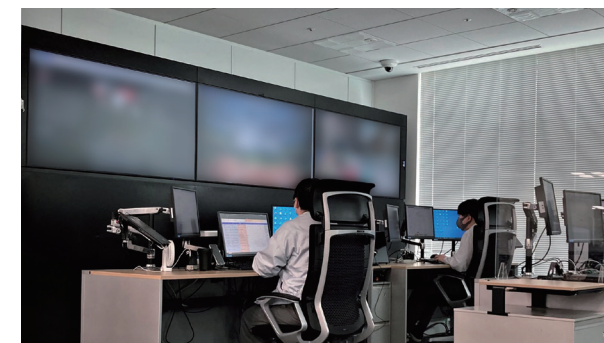
Efforts for cyber security measures

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, security levels are evaluated for IT and OT systems based on a global standard framework, necessary 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.



24/7/365 monitoring at our monitoring center

Respect for Human Rights

Respect for human rights

Basic policy

As stated in the Kansai Electric Power Group Code of Conduct that our Group regards human rights as a universal value shared by the international community, supports international norms on human rights, and respects human rights in all its business activities, we have been promoting initiatives to encourage the respect of human rights.

Today, in light of the heightened awareness of respect for human rights in society, including the issuance of the National Action Plan on Business and Human Rights (NAP), in December 2021 we established the Kansai Electric Power Group Human Rights Policy in compliance with the Guiding Principles on Business and Human Rights.

This policy serves as a top-level human rights policy based on the Kansai Electric Power Group Management Philosophy Purpose & Values and the Kansai Electric Power Group Code of Conduct.

In accordance with the International Bill of Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), and international human rights norms, the Group is committed to human rights due diligence, preventing and reducing negative impacts on human rights in various forms of human rights violations such as human trafficking, forced labor, and child labor related to business activities. We will fulfill our corporate responsibility for respecting human rights and support the realization of a society where the dignity and rights of all human beings are respected.

Human rights due diligence

Human rights due diligence system

We will identify negative impacts (human rights risks) associated with our business activities and report the status of initiatives toward prevention and reduction and other matters to the Sustainability Promotion Council chaired by the President, confirming the implementation status of human rights due diligence at this Council.



Implementation status of human rights due diligence

Since fiscal 2022, the Company has been conducting human rights due diligence along its supply chain.

This fiscal year, targeting 98 major suppliers, we conducted a questionnaire survey that includes items such as forced labor, child labor, and conflict minerals. (Questionnaire response rate: 100%)

Based on the survey results, we are working to prevent and

reduce negative impacts on human rights as necessary. In fiscal 2023, in addition to the above-stated initiatives, we will identify and assess human rights risks with expanded targets.

Remedy desks

The Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc. accept consultations not only from employees but from all stakeholders. With the Compliance Hotline and the Human Rights and Harassment Hotline in place, employees are informed of these through our internal portal site, training, and other means. For customers, local communities, suppliers, and other stakeholders, consultation is offered through "Contact" on our website and by other means.

Dialogue and consultation

The Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc. have formulated a human rights policy and implemented awareness-raising activities, seeking advice from outside experts.

We will continue to advance initiatives demonstrating respect for human rights through dialogue and consultation with our stakeholders.

Initiatives for raising human rights awareness and harassment prevention

The Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc. provide human rights training to management and all employees on a continuous basis to deepen their understanding and recognition of our corporate

Respect for Human Rights

responsibility to respect human rights, and to enable each and every employee to take responsible action in all business activities.

In fiscal 2022, for the Kansai Electric Power Group Human Rights Policy to permeate, we provided a human rights e-learning program targeting all employees, “Business and Human Rights,” and held group discussions using case studies to promote understanding of respect for human rights, which requires the commitment of enterprises.

In addition, we carry out awareness-raising activities on a continual basis to create a workplace climate that does not tolerate any kind of harassment.

Distinctive training and attendance in FY 2022

Training details	Attendance
Human rights e-learning program, “Business and Human Rights”	14,496
Group discussion, “Business and Human Rights”	11,042
Human rights lecture on “Business and Human Rights” Trends in human rights issues and initiatives at the Kansai Electric Power Group	Promotion members, managers and others 220
Human rights training for executives, “Awareness of the times and human rights required for corporate management” —In light of the evolution of AI and “Guiding Principles on Business and Human Rights”—	Executives and others 65
Workplace discussion on harassment prevention	7,421

Financial Statements

The Kansai Electric Power Company, Incorporated and Its Subsidiaries March 31, 2023

Five-Year Trends in Key Data

Non-Consolidated Basis						Consolidated Basis					
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	
Operating Revenues (Billions of Yen)	—	—	—	—	—	3,307.6	3,184.2	3,092.3	2,851.8	3,951.8	
Operating Income (Billions of Yen)	—	—	—	—	—	204.8	206.9	145.7	99.3	(52.0)	
Ordinary Income (Billions of Yen)	—	—	—	—	—	203.6	211.5	153.8	135.9	(6.6)	
Extraordinary Income (Billions of Yen)	—	—	—	—	—	—	—	—	—	—	
Extraordinary Loss (Billions of Yen)	—	—	—	—	—	30.9	24.1	—	10.7	—	
Net Income (Billions of Yen)	—	—	—	—	—	115.0	130.0	108.9	85.8	17.6	
Net Income (Loss) per Share (Yen)	—	—	—	—	—	128.83	145.55	122.02	96.14	19.81	
Total Ordinary Revenues (Billions of Yen)	2,823.7	2,686.9	2,400.9	2,293.0	3,280.6	—	—	—	—	—	
Light and Power Revenue	2,212.2	2,089.3	1,827.1	1,613.7	2,344.6	—	—	—	—	—	
Grant under the Act on Purchase of Renewable Energy Sourced Electricity	162.5	177.9	149.4	—	—	—	—	—	—	—	
Other	449.0	419.6	424.3	679.3	936.0	—	—	—	—	—	
Total Ordinary Expenses (Billions of Yen)	2,693.2	2,561.9	2,364.7	2,179.5	3,300.7	—	—	—	—	—	
Personnel Expenses	216.5	207.4	103.8	99.8	97.1	—	—	—	—	—	
Fuel Costs	538.2	456.9	393.4	520.1	862.8	—	—	—	—	—	
Backend Expenses of Nuclear Power	89.8	83.5	43.7	79.8	68.6	—	—	—	—	—	
Maintenance Costs	177.0	194.2	104.3	63.0	94.3	—	—	—	—	—	
Taxes Other Than Income Taxes	144.4	139.2	44.8	46.9	55.1	—	—	—	—	—	
Depreciation	244.4	187.6	92.7	108.3	118.2	—	—	—	—	—	
Cost of Purchased Power	516.8	454.1	389.7	314.5	911.5	—	—	—	—	—	
Interest Expense	26.5	22.8	20.8	18.6	21.6	—	—	—	—	—	
Levy under the Act on Purchase of Renewable Energy Sourced Electricity	294.2	289.5	263.5	—	—	—	—	—	—	—	
Other	739.2	815.9	1,171.2	927.9	1,071.0	—	—	—	—	—	
Total Assets (Billions of Yen)	—	—	—	—	—	7,257.3	7,612.7	8,075.7	8,656.4	8,774.4	
Net Assets (Billions of Yen)	—	—	—	—	—	1,532.9	1,641.7	1,725.5	1,705.5	1,839.7	
Interest-bearing Debt (Billions of Yen)	—	—	—	—	—	3,853.4	4,096.6	4,471.6	4,838.3	5,009.4	
Equity Ratio (%)	—	—	—	—	—	20.9	21.0	20.9	19.2	20.4	
Capital Investments (Billions of Yen)	—	—	—	—	—	485.2	561.9	655.8	522.8	465.8	
Return on Equity (ROE) (%)	—	—	—	—	—	7.8	8.3	6.6	5.1	1.0	
Return on Assets (ROA) (%)	—	—	—	—	—	3.3	3.2	2.2	1.9	0.2	
Operating Cash Flows (Billions of Yen)	—	—	—	—	—	449.7	463.4	369.2	410.3	128.0	
Investment Cash Flows (Billions of Yen)	—	—	—	—	—	(537.8)	(577.3)	(660.7)	(532.6)	(417.8)	
Free Cash Flows (Billions of Yen)	—	—	—	—	—	(881)	(113.9)	(291.5)	(122.3)	(289.8)	
PBR (Times)	—	—	—	—	—	0.96	0.67	0.64	0.62	0.64	
PER (Times)	—	—	—	—	—	12.67	8.27	9.82	11.95	65.17	
Amount of Dividend (Billions of Yen)	—	—	—	—	—	44.6	44.6	44.6	44.6	44.6	

Note: Figures for FY 2020 and later represent those after the spin-off of the transmission and distribution business.

Non-Consolidated Basis					
	2019	2020	2021	2022	2023
Electricity Sales Volume (Million kWh)					
Residential	37,671	34,832	34,014	32,326	30,904
Commercial and Industrial	80,155	78,159	68,317	68,331	80,661
Total	117,826	112,992	102,331	100,657	111,565
Electricity Generation Capacity (MW)					
Thermal	19,441	15,766	14,566	14,566	13,816
Hydropower	8,228	8,234	8,235	8,248	8,248
Nuclear	6,578	6,578	6,578	6,578	6,578
Renewable Energies	11	11	11	11	11
Total	34,259	30,590	29,390	29,403	28,654
Power Sources (%) (Supply and demand record by power source)					
Nuclear	22	21	12	26	31
Thermal	56	54	57	45	52
Hydropower	11	12	11	12	16
Renewable Energies	4	4	4	4	—
Other	7	9	15	13	—
Total	100	100	100	100	100
CO ₂ emissions of the Group's domestic power generation business (million t-CO ₂)	30.4	28.5	30.4	25.4	24.7
CO ₂ emission factor of the Group's domestic power generation business (kg-CO ₂ /kWh)	0.287	0.287	0.334	0.266	0.283
Nuclear Capacity Factor (%)	54.6	48.4	28.0	61	48.5
Thermal Efficiency of Thermal Power Plants (Lower heating value) (%)	49.0	48.6	47.8	48.2	48.1
Gas Sales Volumes (LNG conversion [gas and LNG total]) (Thousand Tonnes)	1,210	1,390	1,570	1,560	1,530

Financial Statements

Major Human Capital Indicators

Please note that the figures represent those for the Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc. unless otherwise specified in the Remarks column.

Indicators	Targets	FY 2020	FY 2021	FY 2022	Remarks
Ratio of mid-career hires in managerial positions* ¹	FY 2030: 1% or more	0.1%	0.3%	0.6%	Figures for major Kansai Electric Power Group companies* ²
	FY 2030: 20% or more	—	11%	11%	
Rate of male employee childrearing leave utilization* ¹	Same level as that of female employees	98%	117%	124%	Figures for major Kansai Electric Power Group companies* ²
	Same level as that of female employees	—	86%	98%	
Average number of childrearing leave days taken by male employees* ¹	One month or more in FY 2025	8.3 days	10.4 days	14.5 days	
Rate of female employee childrearing leave utilization* ¹	—	100%	100%	100%	Figures for major Kansai Electric Power Group companies* ²
	—	—	96%	100%	
Rate of paid leave utilization* ¹	90% or more for each year	95.5%	96.4%	99.4%	Figures for major Kansai Electric Power Group companies* ²
	—	—	85.2%	91.1%	
Employment rate of persons with disabilities	Achieve legal employment rate every year.	2.6%	2.6%	2.5%	Figures for major Kansai Electric Power Group companies* ²
	Achieve legal employment rate every year.	—	2.4%	2.4%	
Number and ratio of female managers* ¹	Increase the ratio of female managers in FY 2030 to more than threefold that of FY 2018 (to 6.3%)	136/2.6%	151/2.9%	166/3.2%	Consolidated figures for FY 2020; figures of major Kansai Electric Power Group companies* ² for FY 2021, FY 2022
	Increase the ratio of female managers to 10% or more in FY 2030.	726/6.2%	868/7.1%	953/8.0%	
Number and ratio of female senior managers* ¹	Increase the ratio of female senior managers in FY 2030 to more than threefold that of FY 2018 (to 4.8%)	52/2.1%	59/2.4%	64/2.7%	Consolidated figures for FY 2020; figures of major Kansai Electric Power Group companies* ² for FY 2021, FY 2022
	Increase the ratio of female senior managers to 5% or more in FY 2030.	118/2.2%	114/2.0%	120/2.2%	
Number and ratio of female hires* ^{1,3,4}	—	87/19%	84/20%	89/22%	Consolidated figures for FY 2020; figures of major Kansai Electric Power Group companies* ² for FY 2021, FY 2022
	30% or more for each year	236/26%	180/23%	218/27%	
Number and ratio of female hires (office jobs)* ^{1,3,4}	40% or more for each year	53/47%	49/51%	46/49%	
Number and ratio of female hires (technical jobs)* ^{1,3,4}	10% or more for each year	34/10%	35/11%	43/14%	
Number of group training participants (in total)	—	29,414	33,302	38,685	
Time spent on training per employee	—	36.9 hours	41.2 hours	43.5 hours	
Total training cost	—	1,540 million yen	1,462 million yen	1,479 million yen	
Training cost per employee	—	85,800 yen	83,000 yen	85,400 yen	

*1 Excludes transportation staff and medical staff. *2 The Kansai Electric Power Co., Inc., Kansai Transmission and Distribution, Inc., and major group companies *3 Regular employees hired in each fiscal year are the subject of the calculation.

*4 Results from the year in which recruitment activities were conducted

Corporate Information

Company outline / Stock Information As of March 31, 2023

Company name:	The Kansai Electric Power Company, Incorporated	Number of common shares issued:	938,733 thousand
Head office:	3-6-16 Nakanoshima, Kita-ku, Osaka 530-8270, Japan	Number of shareholders:	291,158
Date of establishment:	May 1, 1951	Stock exchange listings:	Tokyo Stock Exchange
Paid-in capital:	¥489.3 billion	Transfer Agent:	Mitsubishi UFJ Trust and Banking Corporation
Operating revenues:	¥3,951.8 billion (consolidated), ¥3,158.8 billion (non-consolidated)		4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo 100-8212, Japan
Total assets:	¥8,774.4 billion (consolidated), ¥7,474.8 billion (non-consolidated)		
Number of employees*:	8,474 (31,628 as the whole Group)		
Electricity sales:	111.6 billion kWh		
Main business:	Electric power, gas supply, heat supply, telecommunications, etc.		

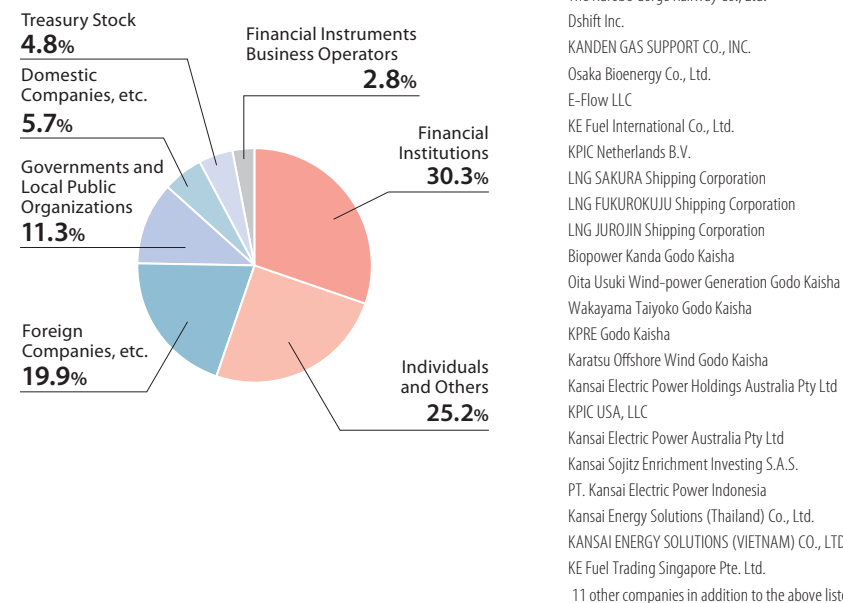
* Number of working employees excluding employees on loan and on leave of absence.

Major shareholders As of March 31, 2023

Name of Shareholders	Ratio of the Number of Shares Held to the Total Number of Shares Issued (%)	Number of Shares Held (thousands)
The Master Trust Bank of Japan, Ltd. (Trust Account)	13.08	116,823
Osaka City	7.64	68,287
Custody Bank of Japan, Ltd. (Trust Account)	5.89	52,645
Nippon Life Insurance Company	3.07	27,462
Kobe City	3.06	27,351
Kansai Electric Power Employee Stockholder Program	2.35	21,008
Osaka Metro Co., Ltd.	1.73	15,461
Mizuho Bank, Ltd.	1.45	12,978
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.45	12,974
STATE STREET BANK WEST CLIENT—TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1.34	11,947

Note: The ratio of the number of shares held to the total number of shares issued is calculated by subtracting treasury stock (45,459,049 shares). Treasury stock is excluded from the above table.

Distribution of shares As of March 31, 2023



Corporate Information

Organization chart As of July 1, 2023





power with heart

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