

*power with heart*

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

Kansai Electric Power Group Report

**2018**

CSR & Financial Report





# Our mission is to continue serving our customers and society

Each of us has a "sense of mission" that fuels our passion.

"We want to continue to be your best partner at all times."

For this reason, we have continued to take on challenges as we seek growth for the Kansai Electric Power Group, carrying on the Kansai Electric spirit that has driven our company since the founding.





## Comprehensive energy / Power transmission and distribution business



### Electricity supply

Through the flexible and steady procurement of fuel and power generation using a well-balanced combination of diverse power supplies, we are stably delivering electricity to customers and providing, for example, services that are helpful in their lives.



### Gas supply

In addition to serving our factory and commercial facility customers, we have been selling city gas to households, shops and other customers since April 2017.



### Transmission and distribution business

In order to assure stable supply from a neutral and fair stance, we maintain the supply and demand balance for entire areas, construct and maintain transmission and distribution equipment and provide guaranteed service.\*

\* This service offered by ordinary transmission and distribution businesses is always provided for users who are unable to establish a supply contract with any retailer due to, for example, their withdrawal from the market.

## Information and telecommunications business



Utilizing the optical fiber networks that are expanding throughout Kansai, we have arranged a wide menu of options that respond to customer needs, and we are providing comprehensive information and telecommunication services for households and businesses.



## Real estate / Life business



We offer a variety of services related to real estate, starting with developing condominiums and other buildings that consider energy conservation. We also provide home security, health care, caregiving and other lifestyle-related services that support security, comfort and convenience in the lifestyles of our customers.

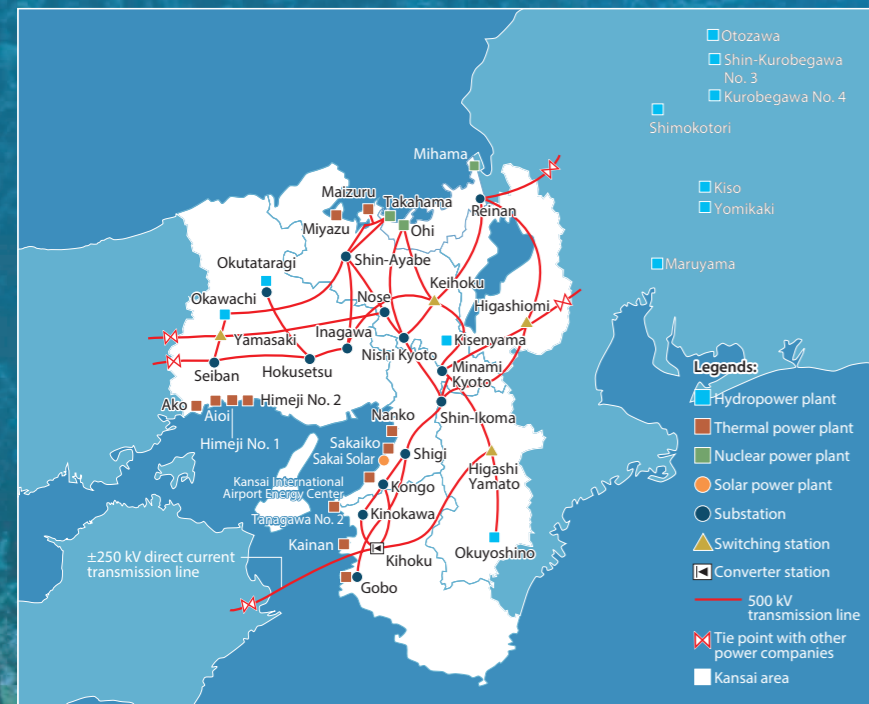


## Group support business

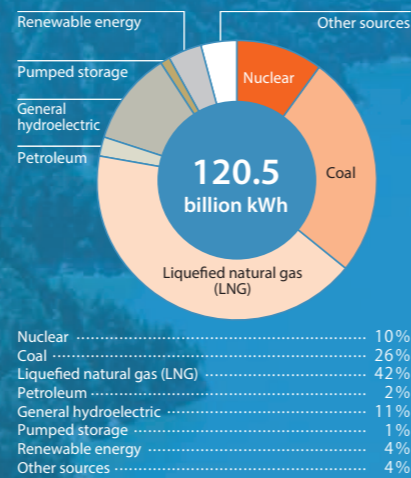


We are supporting the foundations of safe and stable electricity supplies. In addition, in a variety of situations in Japan and abroad, we are providing services that utilize the quality and expertise that we have cultivated in electric power businesses, along with our group management resources and expertise.

### Main electric power systems of the Kansai Electric Power Company



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

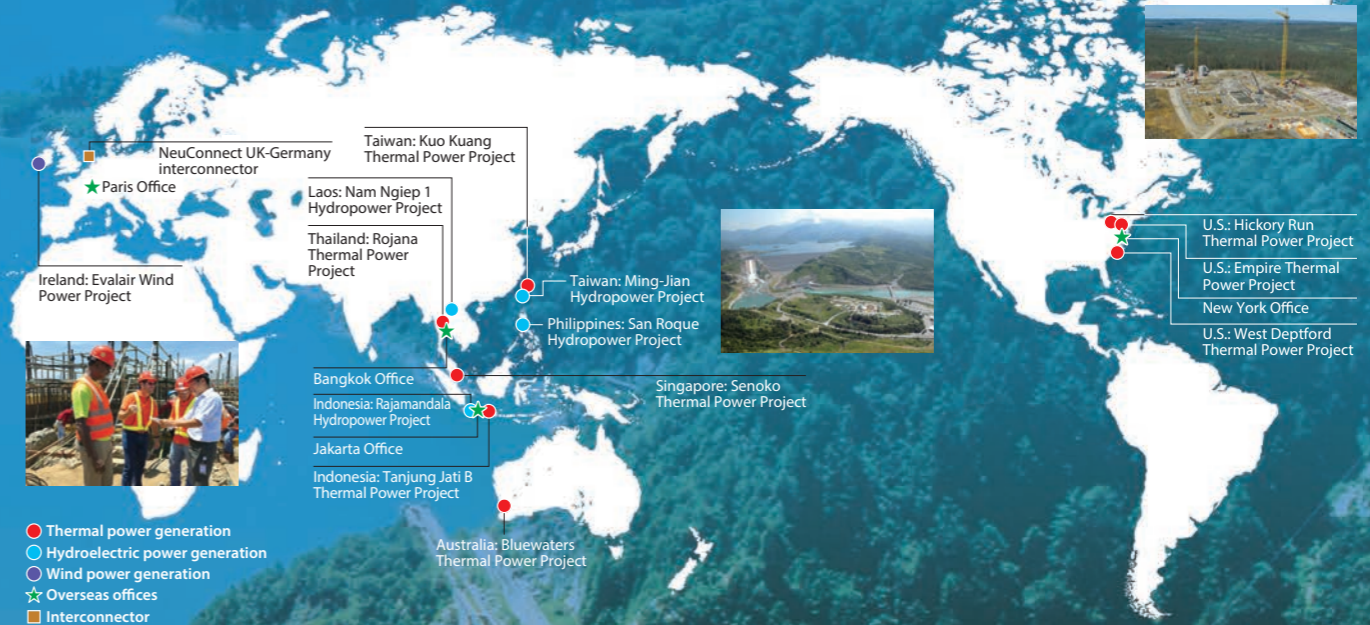


### Capacity of power-generating facilities (breakdown by power source)

Thermal power	19,430 MW	(12 facilities)
Hydroelectric power	8,226 MW	(152 facilities)
Nuclear power	6,578 MW	(3 facilities)
Renewable energy	11 MW	(3 facilities)

## Overseas power business and international contribution

We have participated in power generation and transmission projects across 11 countries worldwide including Asia, Europe and the U.S. by utilizing our technological expertise and know-how cultivated in the domestic electric power business. In developing countries, we have been undertaking international cooperation and contribution activities through consulting and workshops with regard to their power infrastructure improvement. We aim to become a leading international power player in Japan through active support from our overseas offices in New York, Paris, Bangkok and Jakarta.





# The energy value chains of the Kansai Electric Power

In order to provide electric power safely and stably to customers, the Kansai Electric Power Group conducts business activities that range from fuel procurement and power generation to transmission and distribution, sales and security. We are conducting our business activities in consideration of the demands of and impacts on society in every process in order to further enhance our value chains and make services for customers have high added value. Moreover, with the full liberalization of the gas retail market from April 2017, we are working to enhance the gas supply value chain.

## Kansai Electric Power Group energy value chains

### Fuel Procurement



#### Nuclear fuel

Uranium is distributed widely all over the world and many of the producing countries have stable political situations. At our company, we achieve stable procurement by diversifying.

#### LNG

We procure about 10% of Japanese LNG imports. Our LNG comes from various countries, through short, medium and long term contracts.

Fuel purchase record **9 countries & 29 brands**

#### Coal

Considering its thermal efficiency, combustion stability and other factors, we use plenty of Australian thermal coal, having high calorific values.

Fuel purchase record **6 countries & 21 brands**

#### Crude oil

In order to clear strict environmental regulations, we use ultra-low-sulfur crude oil, mostly from Southeast Asia.

Fuel purchase record **2 countries & 3 brands**

### Power Generation



Using a well-balanced combination of energy sources, including power from nuclear, thermal and renewable energy sources, we seek to realize "S+3E" by making the assurance of safety (S) our top priority and simultaneously achieving energy security, economy and environmental conservation (3E).

Amount of power generated **120.5 billion kWh**

### Gas Production



At the Himeji No. 2 Power Station and the Sakaiko Power Station, we process liquefied natural gas (LNG) brought by tankers from overseas into city gas, and we deliver it steadily to our customers.

Production places **2 locations**

# Group and demands of and impacts on society

### Transmission and Distribution



We are endeavoring to maintain and operate power transmission, transformation and distribution facilities in order to safely and stably provide all our customers the electricity generated by power plants.

Length of power transmission lines **18,803 km**

Length of power distribution lines **132,137 km**

Number of transformer substations **1,596**

### Supply



Since we provide our gas supply using the pipeline network of Osaka Gas Co., Ltd., the reliability and quality when supplied has not changed from in the past.

### Sales and Services



In addition to providing new electricity rate options, we are providing services that support daily life. Moreover, we are conducting electric power sales not only in the Kansai area but also in the capital region.

Amount of power sold **115.2 billion kWh**

### Sales and Services



Since the full liberalization of the gas retail market in April 2017, we have offered gas to customers in 6 prefectures in the Kansai region. When we receive reports from customers related to gas equipment trouble, Kanden Gas Support Shops utilize the site dispatch systems that they have to respond. These shops have partnerships with Kanden Gas Support Co., Inc., which was established jointly by our company and Iwatani Corporation.

Contract applications **About 440 thousand**  
(Fiscal 2017 results)

### Security



In order to have households, small-scale factories, buildings and other sites use electricity safely, we regularly conduct interior safety checks of electrical wiring and equipment (once every four years as a rule).

• Conducted by registered inspection agents designated by the national government

Regular inspections (as a rule) **1 time / 4 years**

### Security



Kanden Gas Support Co., Inc. and the Kanden Services Co., Inc. conduct efforts for gas safety preservation, including regular inspections of gas equipment and consumer education about gas use precautions.

Regular inspections (as a rule) **1 time / 4 years**

Education (as a rule) **1 time / 2 years**

## Main demands of and impacts on society

- Securing of fuel that seeks supply and demand stability and affordability for electricity and gas
- Greenhouse gas emission impacts that result from energy consumption during LNG ship transport

- Assurance of supply capabilities for electricity and gas supply and demand stability
- Large-scale facility accidents and trouble resulting from typhoons, earthquakes, tsunamis and other natural disasters, for example
- Emission of greenhouse gases and impacts on local environments from power plants and other facilities

- Building, maintenance and operation of transmission and distribution facilities for the safe and stable supply of electric power
- Large-scale facility accidents and trouble resulting from typhoons, earthquakes, tsunamis and other natural disasters, for example
- Impacts of greenhouse gas (SF<sub>6</sub> gas) emissions from transformer substations, transmission facilities and distribution facilities

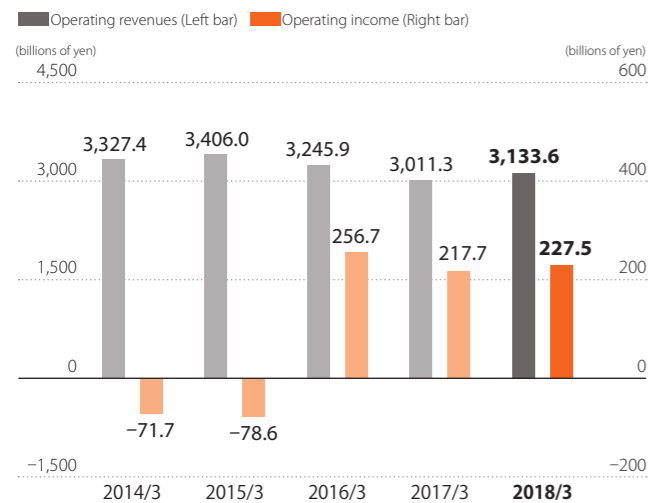
- Assurance of customer safety
- Expansion of products that provide customer satisfaction and services that are useful in their lives
- Contributions to conserving energy, reducing costs and reducing CO<sub>2</sub>
- Provision of suitable information about products, services and other items of interest
- Protection of the personal information of customers
- Proactive contributions to development of local communities

- Assurance of customer safety

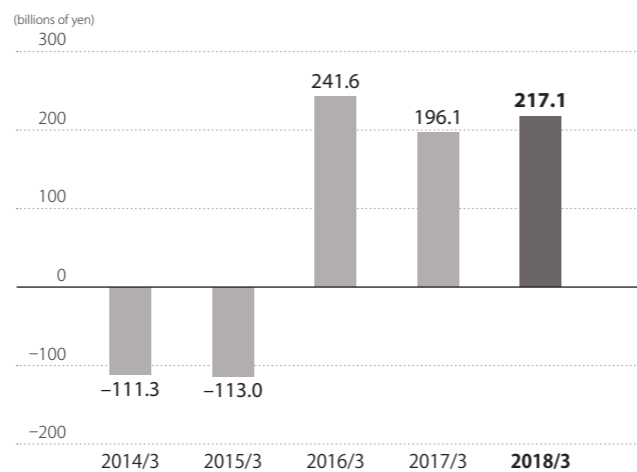


# Financial

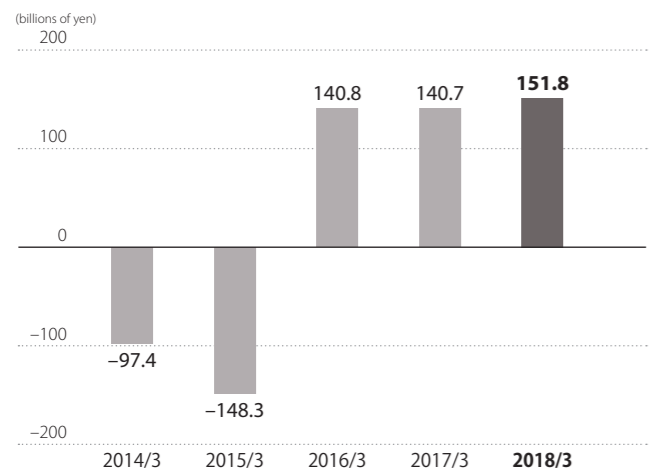
## Operating revenues / Operating income



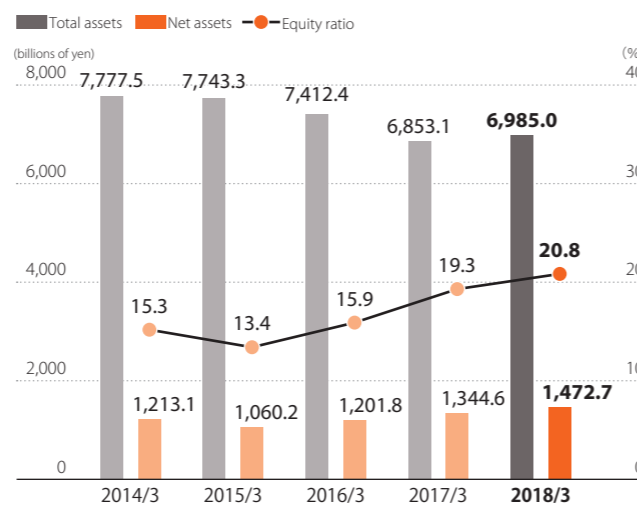
## Ordinary income



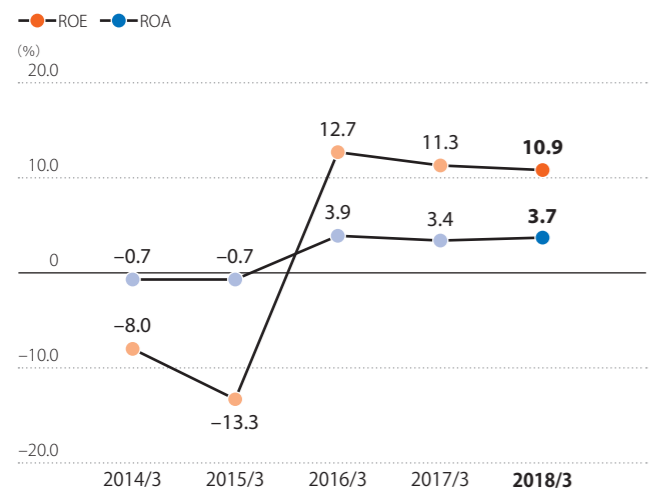
## Net income attributable to shareholders of the parent for this fiscal year



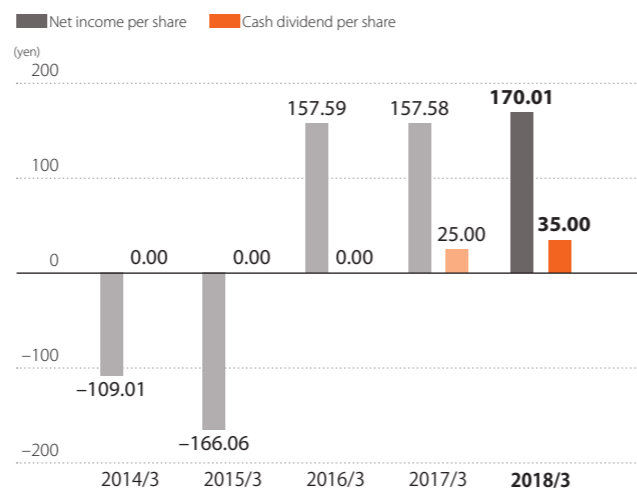
## Total assets, Net assets, Equity ratio



## ROE, ROA



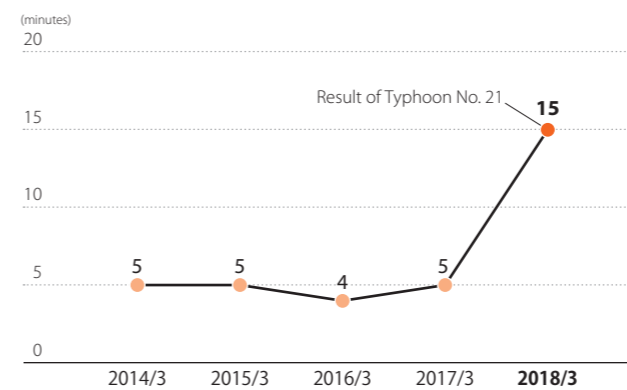
## Net income per share / Cash dividend per share



# Nonfinancial

## Annual duration of power outage per household

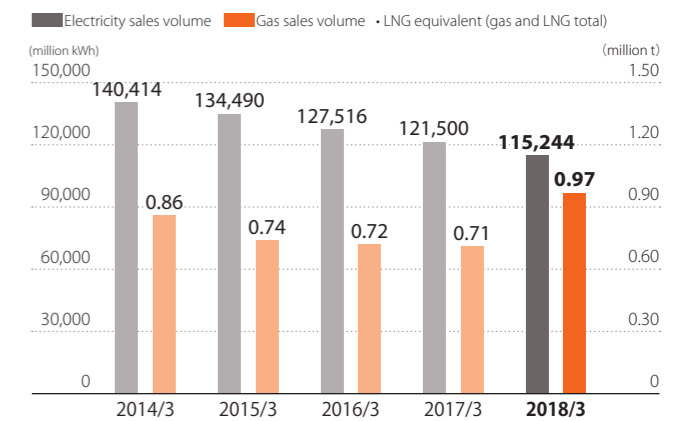
⇒P36, 42



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

## Electricity sales volume / Gas sales volume

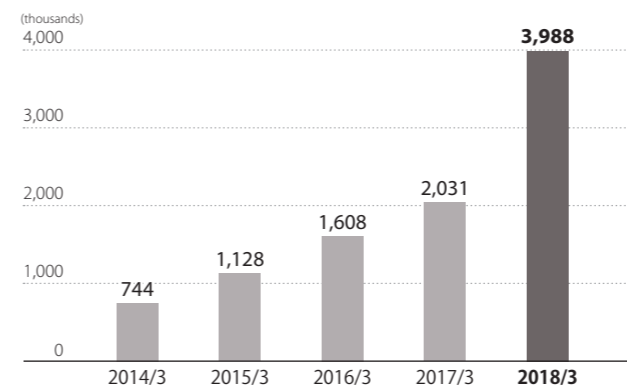
⇒P6, 19, 80



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

## Number of "Hapi e-Miruden" participants

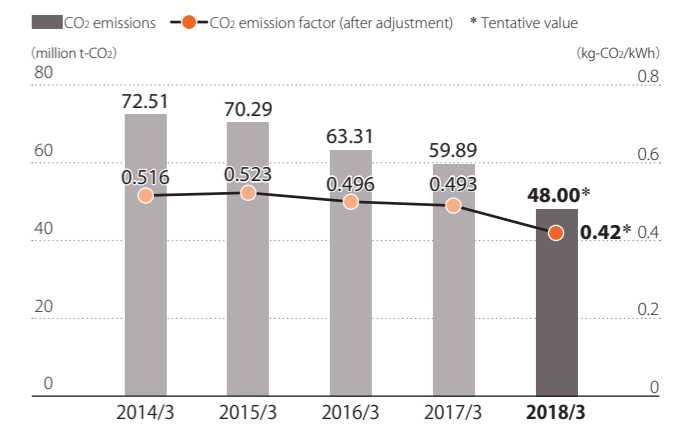
⇒P36, 54



In addition to our services that allow customers to visualize their energy bill statement online, we have been developing actions to contribute to the reduction of customer's energy consumption as well as its costs and CO<sub>2</sub> emissions by offering useful information of lower energy consumption.

## CO<sub>2</sub> emissions / CO<sub>2</sub> emission factor

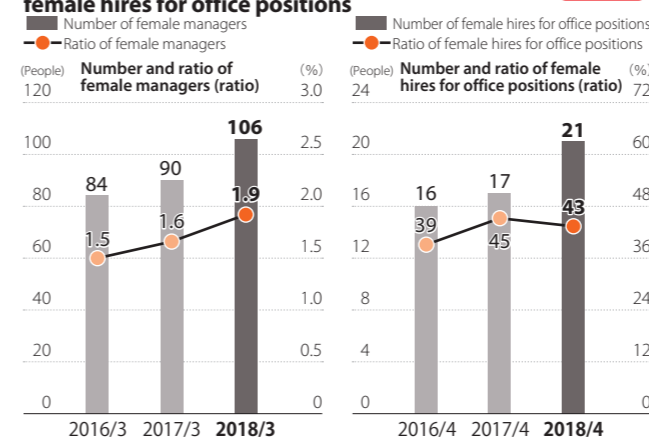
⇒P36, 49-51, 80



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

## Number of female managers and Number of female hires for office positions

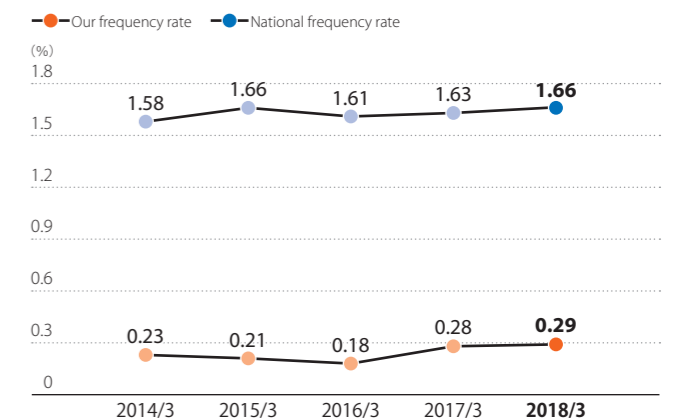
⇒P36, 66



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

## Accident frequency rate

⇒P36, 68



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



# Kansai Electric Power Group Report

## 2018 CSR & Financial Report

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### Editorial Policies

This report presents information on the CSR initiatives and financial performance of the Kansai Electric Power Group, thus conveying a comprehensive image of our business operations to our stakeholders. It features content of interest primarily to stakeholders and of particular importance to us. Our CSR initiatives, which are based on our six CSR Action Principles, are each introduced in separate sections of this report for ease of understanding. For the contents of the report, we referred to the 2016 GRI Sustainability Reporting Standards. (See p. 35 for details about these standards.) In addition, we have provided information for the disclosure items by industry of the GRI Sustainability Reporting Guidelines (G4). For contents related to the environment, we also referred to the Environmental Reporting Guidelines (Fiscal 2012 edition) published by the Ministry of the Environment.

### Place of Publication

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The Kansai Electric Power Co., Inc.  
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### Report Publication Date

Published July 2018  
2017: Published July 2017  
2019: To be published in summer of 2019

### Scope of Report

Period covered: April 1, 2017 to March 31, 2018  
(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.

### Outside Evaluations

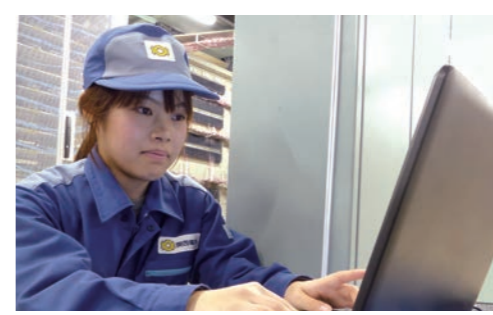
In addition to managing with CSR and ESG in mind, the appropriate information disclosure and other responses to the expectations of society of our corporate group have been positively evaluated around the world. As of July 2018, our stock has received the following designations.

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

Member of SNAM Sustainability Index 2018

**MS-SRI** Morningstar Socially Responsible Investment Index

**MSCI** 2018 Constituent MSCI Japan ESG Select Leaders Index



**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.



# We will meet your expectations with sincerity and passion.

We wish to express our deep gratitude to all of you for the exceptional consideration.

Our corporate group in fiscal 2017 faced challenging business conditions, including intensifying competition with power producers and suppliers in our primary business of electricity sales. However, we have been able to make a counterattack with electricity rate reduction that has resulted from the resumption of operation of Takahama Unit 3 and 4. Furthermore, under the full liberalization of the retail market for the gas industry, we have exceeded sales targets regarding Kanden Gas.

Moreover, we have been profitable for three consecutive fiscal years as a result of our steady advancement toward the targets of our Medium-term Management Plan (2016-2018), working proactively on our business fields such as overseas power development, information and telecommunications, and real estate as well as a continuous effort on innovation.

This is truly thanks to the support we have received from all of you, and we once again would like to express our sincere gratitude.

Entering fiscal year 2018, fierce competition continues in the energy market. We will try our best to boost the top line for our comprehensive energy business making the most of resumed operation of Ohi Unit 3 and 4.

Furthermore, we have taken to heart once again that the foundation of our business is the trust we have received from all the people including our customers, and we would like to meet your expectations with all sincerity. Placing a top priority on safety, we are committed to secure a stable power supply. At the same time, we are making vigorous efforts to solve the social problems such as energy conservation and CO<sub>2</sub> reduction and to create new values including the development of smart communities.

Toward the realization mentioned above, every member of our group provides service with sincerity and passion by approaching the views and feedback of our customers and communities and making more and more efforts.


Our group continues to conduct business with a focus on "safety as the top priority" and "surely fulfilling CSR obligations" as key guidelines for action. We will also fulfill our duties and we "keep on changing to fulfill an unchanging mission" to "serve our customers and communities," to become one of the leading companies in Japan in the energy sector. We are applying all our abilities so that we can contribute to the sustainable development of society and the realization of a bright and affluent future.

We ask all of you to continue to provide your unchanging support and encouragement in the future.

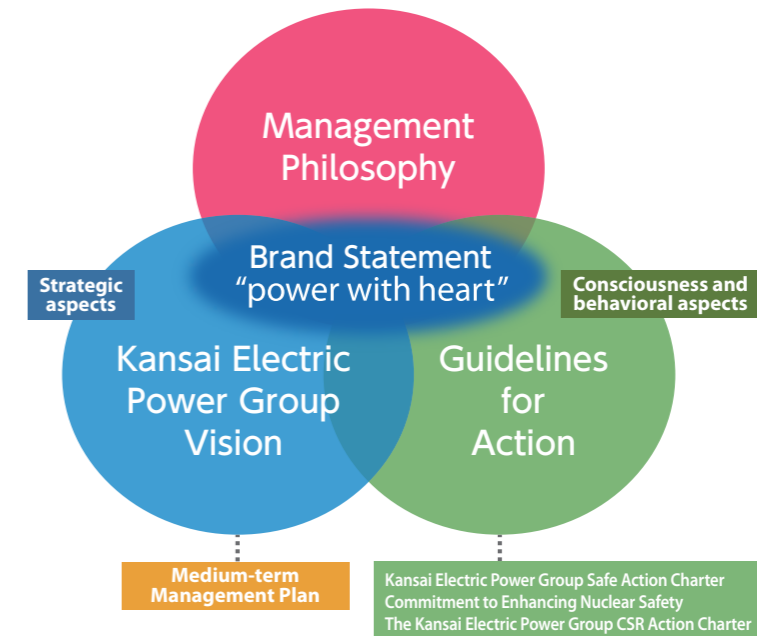
**Makoto Yagi**  
Chairman and Director




**Shigeki Iwane**  
President and Director




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



### Management Philosophy

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

### Kansai Electric Power Group Vision

#### What we aim to be in the future

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

#### Our policies

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

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

### Guidelines for Action

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

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

#### Fundamental Responsibilities

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

*power with heart*

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

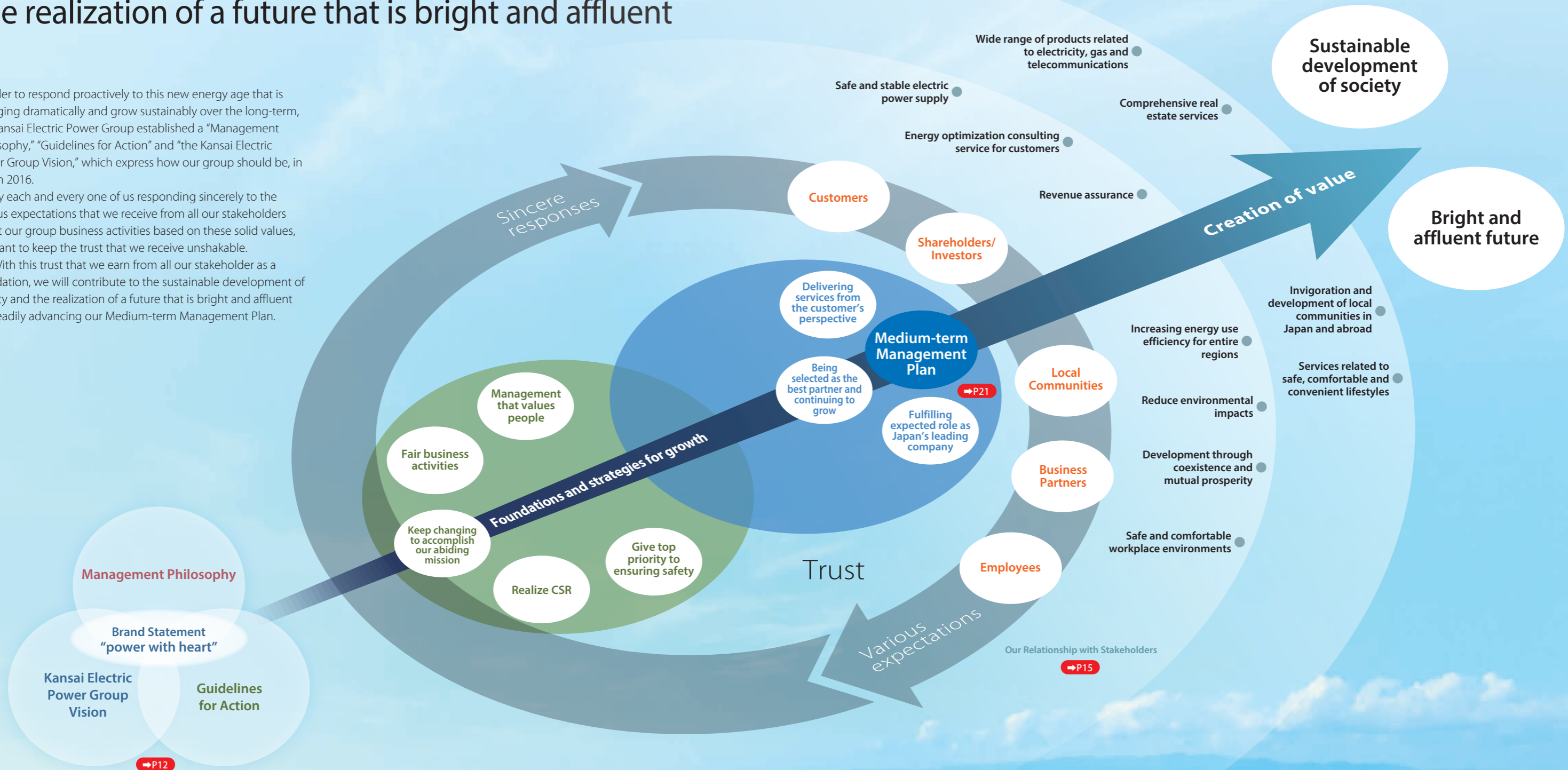


# Toward the sustainable development of society and the realization of a future that is bright and affluent

In order to respond proactively to this new energy age that is changing dramatically and grow sustainably over the long-term, the Kansai Electric Power Group established a "Management Philosophy," "Guidelines for Action" and "the Kansai Electric Power Group Vision," which express how our group should be, in March 2016.

By each and every one of us responding sincerely to the various expectations that we receive from all our stakeholders about our group business activities based on these solid values, we want to keep the trust that we receive unshakable.

With this trust that we earn from all our stakeholder as a foundation, we will contribute to the sustainable development of society and the realization of a future that is bright and affluent by steadily advancing our Medium-term Management Plan.





# We are seeking to deepen communication and build even better relationships.

	Aspirations	Main efforts	Valuable outcomes provided	Contents of main dialogs (public hearing and public relations activities)
<b>Customers</b>	We are building a loyalty in relationship with customers by offering them services that meet their requirements accurately in order to become "the best partner in daily life and in business" especially when it comes to energy consumption.	<ul style="list-style-type: none"> <li>● Maintenance and passing down of specific skills that support safe and stable power supply</li> <li>● Systematic facility maintenance and repair</li> <li>● Development and improvement of services that reflect customer opinions</li> <li>● Implementation of a survey to check customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>● Safe and stable electric power supply</li> <li>● Energy optimization consulting service for customers</li> <li>● Wide range of products related to electricity, gas and telecommunications</li> <li>● Comprehensive real estate services</li> <li>● Services related to safe, comfortable and convenient lifestyles</li> </ul>	<ul style="list-style-type: none"> <li>● Collecting customer opinions through call centers and so on</li> <li>● Updating "Danbo-no-Koe," a database of customer opinions</li> <li>● Energy optimization consulting and other daily business activities</li> <li>● "Hapi e-Miruden," electricity consumption receipts, leaflets</li> <li>● Holding of various events</li> <li>● Press releases and conferences</li> <li>● Mass media and web usage</li> <li>● Tours of power plants and other facilities, etc.</li> </ul>
<b>Shareholders/ Investors</b>	We will fulfill the trust of shareholders and investors by working to improve corporate value. This includes not only fair and prompt information disclosure and meeting expectations about profit-sharing, but also investment optimization for every kind of capital and active disclosure of ESG information in consideration of expectations for growth from a long-term perspective.	<ul style="list-style-type: none"> <li>● Disclosure of businesses result trends, financial conditions and ESG information</li> <li>● Enhancement of competitiveness in the comprehensive energy business</li> <li>● Establishment of new pillars for growth</li> <li>● Strengthening Group management foundation that support sustainable management</li> </ul>	<ul style="list-style-type: none"> <li>● Revenue assurance</li> <li>● Shareholder returns, etc.</li> </ul>	<ul style="list-style-type: none"> <li>● General Shareholders' Meeting</li> <li>● Company briefings</li> <li>● IR meetings</li> <li>● <i>KANDEN REPORT</i> for shareholders</li> <li>● Fact Book</li> <li>● Corporate information/IR information Web pages</li> <li>● Use of the Web</li> <li>● Tours of power plants and other facilities, etc.</li> </ul>
<b>Local Communities/ The Public</b>	While the issues and needs of communities diversify, as a business with close ties to communities and daily life, we work to resolve social issues and seek to realize a sustainable society through our business activities and efforts that contribute to society.	<ul style="list-style-type: none"> <li>● Activities that contribute to local communities</li> <li>● Smart community development</li> <li>● Enterprise local support activities</li> <li>● Overseas power consulting and international contributions</li> </ul>	<ul style="list-style-type: none"> <li>● Invigoration and development of local communities in Japan and abroad</li> <li>● Increased energy use efficiency for entire regions</li> <li>● Reduced environmental impacts, etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Communication with local governments</li> <li>● Communication with customers in the vicinity of power plants</li> <li>● Updating "Danbo-no-Koe," a database of customer opinions</li> <li>● Interaction through environmental efforts and other daily activities</li> <li>● Press releases and conferences</li> <li>● Mass media and web usage</li> <li>● Off-site classes and tours of power plants and other facilities</li> <li>● Participation in disaster response trainings with local governments</li> <li>● Participation in environmental events, etc.</li> </ul>
<b>Business Partners</b>	Along with implementing procurement efforts based on corporate social responsibility, we will deepen communication with our suppliers, who are important partners, to build relationships of trust. In doing so, we will undertake sustainable procurement practices while endeavoring to contribute to society and create value.	<ul style="list-style-type: none"> <li>● Socially-responsible purchasing activities based on fundamental purchasing policies</li> <li>● Efforts for communication with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>● Development through coexistence and mutual prosperity</li> <li>● Improvement of technical abilities through group study, etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Training workshops and safety patrols</li> <li>● Information sharing at meetings of presidents of affiliated companies, etc.</li> <li>● CSR procurement policy explanations and promotion activities</li> <li>● Communication with subcontractors, etc.</li> <li>● Use of the Web</li> <li>● Official announcement of main procurement plan</li> </ul>
<b>Employees</b>	We will work to make workplace environments where every individual employee can work with enthusiasm and maximize their abilities. We give top priority to employee safety and health, and we will promote "human capital" innovations, workstyle innovations and health and productivity management in a unified manner while also promoting diversity.	<ul style="list-style-type: none"> <li>● Respect for human rights</li> <li>● Unified promotion of workstyle innovation and health and productivity management</li> <li>● Promotion of diversity</li> <li>● Measures to foster "human capital" innovation</li> <li>● Cultivation of an organizational culture that gives top priority to safety</li> </ul>	<ul style="list-style-type: none"> <li>● Increased motivation and satisfaction</li> <li>● Support for self-development</li> <li>● Safe and comfortable workplace environments</li> <li>● Physical and mental health maintenance promotion, quality-of-life improvement, etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Dialogues with the president</li> <li>● Executive visits</li> <li>● Labor-management consultations</li> <li>● Company-wide employee questionnaire on CSR</li> <li>● Compliance Hotline</li> <li>● Use of the Web</li> <li>● In-house web portal and TV utilization</li> <li>● <i>The Kansai Denryoku Shimbun</i> in-house newsletter</li> <li>● Distribution of messages from the president, etc.</li> <li>● Email magazines, etc.</li> </ul>





# All of our group companies will join forces to steadily go forward the pathway to future growth.



**Shigeki Iwane**  
President and Director

**Q Looking back, how do you evaluate fiscal 2017 performance?**

**A The performance was improved and satisfactory as we took on a variety of measures based on the three pillars for growth described in our Medium-term Management Plan.**

To reliably realize the three pillars of our Medium-term Management Plan (2016-2018), we stipulated key measures for fiscal 2017 and undertook these efforts energetically throughout the year. As a result, our consolidated ordinary profits were 217.1 billion yen in fiscal 2017, exceeding our financial target of fiscal 2018, 200 billion yen, of the Medium-term Management Plan. Furthermore, the consolidated/non-consolidated ratio was 1.49, and our information and telecommunications, real estate, lifestyle and other group businesses grew steadily.

For the first pillar, which is the “Enhancement of competitiveness in the comprehensive energy business,” we succeeded in restarting the operation of our nuclear power plants. We also put all our efforts in acquiring new customers and regaining our former customers by reducing electricity rates and expanding sales of both retail sales out of Kansai region and wholesale sales. In Tokyo metropolitan area, we sought to reinforce our sales activities by revising our rate plan, forming business alliances with various enterprises and organizations regarding energy sales as well as by establishing our new subsidiary, Next Power Company. Moreover, “Kanden Gas” acquired 400,000 customers registration for the first year which is more than doubled our target. This favorable customer feedback convinces us that the bundling of electricity and gas sales is a successful countermeasure. For nuclear power generation, throughout power companies in Japan, we are the first company which determined operation policies for all of our 11 units. We are also steadily advancing construction work to improve safety with the aim of resumption of subsequent plants and proceeding steps for decommissioning.

For the second pillar, “Establishment of new pillars for growth,” in our overseas power business, we invested in a thermal power project in the United States and, for the first time, we participated in an overseas power transmission project and a wind power project in Europe. In addition to the hydroelectric and thermal power projects that we have worked on mainly in Asia, I certainly believe that the expansion described above in terms of geography and business fields should form the foundation for our future growth. Regarding the information and telecommunications business, we acquired one million users for “mineo” mobile phone service. In the real estate business, we expanded into Tokyo metropolitan area and, for the first time, into foreign countries. In terms of business portfolio, we have almost reached what we call “comprehensive real estate business” status which includes sales of condominiums, investment in rental buildings and owning hotels etc. Moreover, regarding innovation, we have decided to increase the capital investment in Kansai Power Venture Management Corporation. We have moved forward to build up a system to accelerate the creation of new businesses through venture investments of 5 billion yen.

For the third pillar, “Strengthening the group management foundations,” we tried every effort to assure safe and stable power supply throughout the year, particularly during recovery from typhoons and other natural disasters. Furthermore, in the transmission and distribution business, we have been advancing efforts for the streamlining of facilities with an eye on the future and for efficient power supply and demand management through the utilization of regulation capabilities coordinated with other companies. In addition, considering the preparation of the human foundation necessary to keep coming out on top of the competition in the future, we are also actively advancing the unified promotion of workstyle innovation, health and productivity management.

As I mentioned above, our entire group worked hard on a variety

of initiatives and measures. I certainly believe that we have made a steady progress to achieve the goals stipulated in our Medium-term Management Plan.

**Q What are your thoughts about managing the company for 2018 when looking back on the performance in 2017?**

**A We will promote the key measures stipulated for 2018 and accelerate our efforts to achieve the goals of Medium-term Management Plan.**

In fiscal 2018, based on the key measures stipulated in the beginning of the year, we will accelerate the efforts to pursue further growth and reinforce our management bases including such measures as boosting the top line, reforming the cost structure, expanding overseas and group-wide businesses and exploring new business fields.

In particular, we would like to focus on boosting the top line in our comprehensive energy business, which includes electricity and gas. Since the end of last year, we have gradually achieved results in the reduction of customer switching as well as in the reacquisition of our former customers by undertaking a variety of measures on sales. We seek to make our top line higher by giving our activities an original twist both inside and outside of Japan including Kansai region.

At the same time, in addition to further growth of our overseas and group-wide businesses, we would like to actively explore opportunities in new business fields and seek further growth. While making use of the strengths that our corporate group has cultivated over the years, we will establish new pillars for further growth by challenging the emerging business fields through alliances with start-ups. In particular, we are taking a comprehensive view of the impacts on energy business which distributed energy resources (DER), artificial intelligence (AI) and the Internet of things (IoT) will have in short, medium and long-term perspectives. We will also vigorously investigate management strategies that will enable our corporate group to win fierce competition in the energy business.

**Q What do you think about nuclear power generation for the Kansai Electric Power Company in the future?**

**A It is indispensable as an “important base load electricity source.” We would like our company to take the lead and concentrate all our abilities on this.**

With the assurance of safety as a major requirement, we will continue to utilize nuclear power generation into the future. We need to keep using it as an important power source considering “the assurance of energy security,” “economic efficiency,” and “environment conservation.” Moreover, it is positioned as “an important base load electricity source” in the Basic Energy Plan of Japan.

Since the accident at Mihama Nuclear Power Station Unit 3 in August 2004, our whole company has been unified to conduct business with a focus on “safety as the top priority.” Furthermore, reflecting on the lessons from the disaster at the Fukushima Daiichi Nuclear Power Station of Tokyo Electric Power, we established our “Further Strengthening of Ongoing Voluntary Efforts to Enhance Nuclear Safety (road map)” in June 2014 and have been undertaking efforts according to this road map since then. For example, we are endeavoring to improve the safety of our nuclear power generation as a whole through independent oversight activities by receiving evaluations with expert and impartial perspectives from the staff of

other power companies, including top managers.

In addition to steadily sustaining the safe and stable operation of nuclear power stations going forward, we would like to take the lead in Japan and concentrate all our abilities to fulfill roles in the implementation of various construction measures for operation after the first 40 years as well as measures for decommissioning.

At our company, we will continue striving to implement nuclear power station operations with safety as the highest priority while gaining the understanding of the people in the communities where nuclear power plants are located.

**Q What kinds of efforts are being made in terms of corporate social responsibility (CSR)?**

**A We give top priority to safety and surely fulfill CSR obligations to build and nurture bonds of trust.**

I believe the trust that we receive from all the people in our communities, including our customers, which has been nurtured since the establishment, is a precious asset for our company.

Even in this age of intensifying competition due to the liberalization of the electricity market, this trust is the foundation of our business and every employee is in charge of maintaining the trust. With strong senses of awareness and responsibility for continuing to keep this trust, we are advancing efforts to give top priority to safety and surely fulfill CSR obligations at every workplace.

I myself pay a direct visit to our sales offices, power plants, power maintenance centers etc. and convey my thoughts about the importance of safety and CSR obligations to our employees so that they can understand what I think and my thoughts can go deep into their heart. I also talk about specific measures and challenges in the context of our company management. I am committed to lead the entire group and devote myself to the achievement of our targeted goals.

Over the years, there are increasing demands for the environment, society and governance (ESG), in terms of corporate management. By promoting the CSR efforts thus far of our corporate group with an ESG perspective, we would like to contribute to resolving global social issues (SDGs\*) while creating economic value and to seek sustainable growth with society.

\* Sustainable Development Goals

**Q Finally, could you offer a message to the stakeholders?**

**A All of our group companies will join forces to steadily go forward the pathway to future growth.**

As the business environment surrounding the company undergoes significant changes, in order to realize what we aspire to become, we will make every effort to take on the achievement of our targets and all of our group companies will join forces to steadily go forward the pathway to future growth.

As one of the leading companies in Japan in the energy sector, we aim to form a group based on a “Chain of Trust,” being admired as “the most reliable Kanden,” selected and given credit by all the people in our communities.

Keeping the concept of “power with heart” in mind, we will carry out our mission to continue serving our customers and society and realize a bright, affluent future together. We sincerely hope that you will continue to give us your understanding and support in the future.



### The business environment and our business as a whole

In order to overcome the competition and achieve further growth in fiscal 2017, we combined all the powers of our corporate group and made efforts for various measures based on the established Kansai Electric Power Group Medium-term Management Plan (2016-2018).

In the electricity business, which is the main business of our corporate group, the electricity sales volume for the fiscal year had a decline in contract power, and decreased 5.1% from the previous fiscal year to 115.24 billion kWh. Looking at the breakdown, "light" was 4.4% lower than the previous fiscal year at 41.77 billion kWh. "Power" was also 5.6% lower than the previous fiscal year at 73.48 billion kWh.

In terms of income, revenue from lighting and power decreased because the total electricity sales volume decreased and electricity prices declined among other factors in our electric power business. Despite this, our operating revenue was 3,133.6 billion yen due to

increased wheeling revenues and rates for power sold to other companies, as well as increased operating revenue from our gas supply and information and telecommunications businesses. Our total ordinary revenue, including non-operating revenue, increased by 101.3 billion yen from the previous fiscal year to 3,169.5 billion yen.

Meanwhile, we endeavored to thoroughly reduce various outlays by making business more efficient. In addition, the resumption of nuclear power plant operation had a cost reduction effect. Nonetheless, total ordinary expenses increased 80.3 billion yen over the previous fiscal year to 2,952.3 billion yen due to fuel prices increasing and other factors.

As a result, our ordinary profits were 217.1 billion yen, and net income belonging to parent company stockholders was 151.8 billion yen.

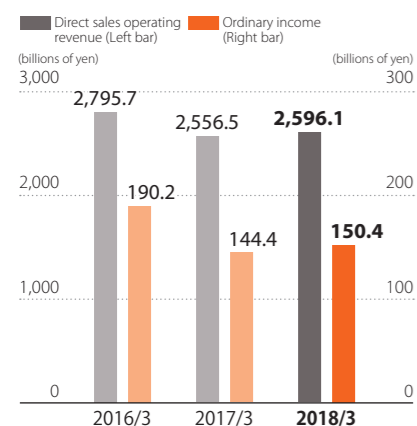
		(billions of yen)			
		FY 2016	FY 2017	Increase/Decrease	
<b>Comprehensive energy / Power transmission and distribution</b>	<b>Electric power</b>	Direct sales operating revenue	25,565	25,961	+395
		Ordinary income	1,444	1,504	+59
	<b>Gas/other energy</b>	Direct sales operating revenue	932	1,412	+480
		Ordinary income	62	71	+8
	<b>Total</b>	Direct sales operating revenue	26,497	27,373	+875
		Ordinary income	1,507	1,575	+68
<b>Information and telecommunications</b>	Direct sales operating revenue	1,856	2,031	+175	
	Ordinary income	183	251	+67	
<b>Real estate / Life</b>	Direct sales operating revenue	955	1,117	+161	
	Ordinary income	128	145	+16	
<b>Other</b>	Direct sales operating revenue	807	813	+6	
	Ordinary income	235	288	+53	

• The values in this table are, as a rule, simple totals from the results of each company before intra-company elimination in consolidated balance sheets, for example. (amounts equivalent to equity factored in for affiliated companies accounted for by the equity-method)

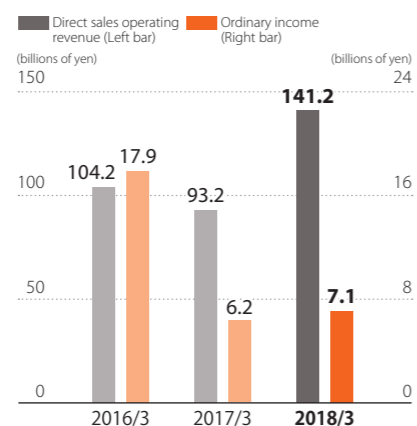
• Ordinary income means income before provision for (reversal of) reserve for fluctuations in water level, special items and income taxes.

		(billions of yen)		
Reference		FY 2016	FY 2017	Increase/Decrease
<b>International</b>	Profit target	- 1.0	- 2.0	- 1.0

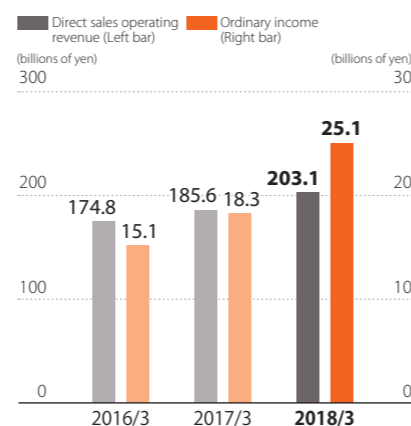
#### Electricity



#### Gas and other energy



#### Information and telecommunications



### Comprehensive energy supply, transmission and distribution

#### Electricity

In terms of income, revenue from lighting and power decreased because the total electricity sales volume decreased and electricity prices declined among other factors. Despite this, operating revenue grew from the previous fiscal year due to, for example, increased wheeling revenues and rates for power sold to other companies.

At the same time, we endeavored to thoroughly reduce various outlays by making business more efficient. In addition, the resumption of nuclear power plant operation had a cost reduction effect. Nonetheless, operating expenses increased due to fuel prices increasing and other factors.

As a result of the revenue growth, however, ordinary profits still increased compared to the previous fiscal year.

#### Gas and other energy

In terms of income, operating revenue increased compared to the previous fiscal year due to factors that include an increased amount of gas sales and higher gas sale prices.

At the same time, in terms of expenditures, as a result of a downturn due to the allocation of expenses the previous fiscal year and other factors, ordinary profits increased compared to the previous fiscal year.

### Information and telecommunications

Income grew with increased operating revenue compared to the previous fiscal year due to growth in the numbers of subscribers for our "eo HIKARI" FTTH, "mineo" mobile phone, and "eo Denki" electricity retail services.

Although expenditures also increased with greater operating expenses, including sales promotion expenses related to acquiring subscribers for the mineo and eo Denki services, ordinary profits grew compared to the previous fiscal year.

### Real estate and lifestyle

In terms of income, operating revenue increased compared to the previous fiscal year due to factors that include increased unit sales as a result of wholesales to other condominium businesses.

Although expenditures also increased with greater operating expenses, including new building acquisition and development, ordinary profits grew compared to the previous fiscal year.

### Other fields

Income improved with increased operating revenue compared to the previous fiscal year due to, for example, more construction orders resulting from active sales development by companies that support group businesses.

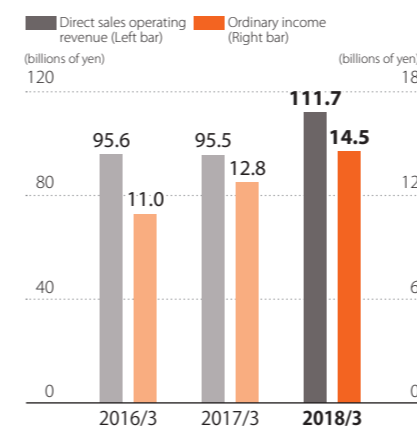
At the same time, in terms of expenditures, since expenses for periodic inspection work at power stations decreased, for example, ordinary profits increased compared to the previous fiscal year for companies that support group businesses.

### Shareholder returns

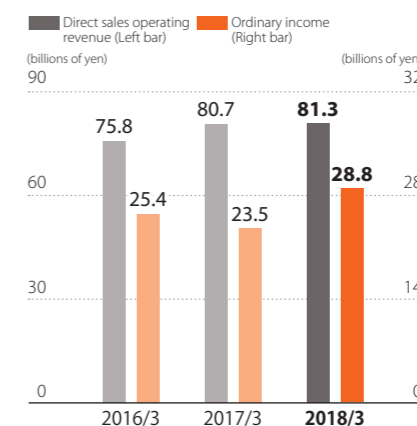
In order to distribute the results of our business success as the Kansai Electric Power Group to our shareholders appropriately, after assuring the financial health of the company, we make maintaining stable dividends our fundamental policy for shareholder returns.

For our fiscal 2017 year-end dividend, holistically taking into account our business conditions, including results that stayed in the black for a third consecutive term, the ongoing recovery of our financial health, and income and expense conditions for fiscal 2018 and on, we made a dividend of 20 yen per share. Combined with our interim dividend of 15 yen, this brought our annual dividend to 35 yen per share.

#### Real estate and lifestyle



#### Other fields





# Kansai Electric Power Group Medium-term Management Plan (2016–2018)

## Management direction and what we aspire to become in 10 years

### Become a highly profitable business group.

We have achieved high profitability through realization of an increase in business efficiency and enhancement of competitiveness, provision of new products and services, proactive use of alliances, business activities focused on our competitors' movements, profitability and so on.

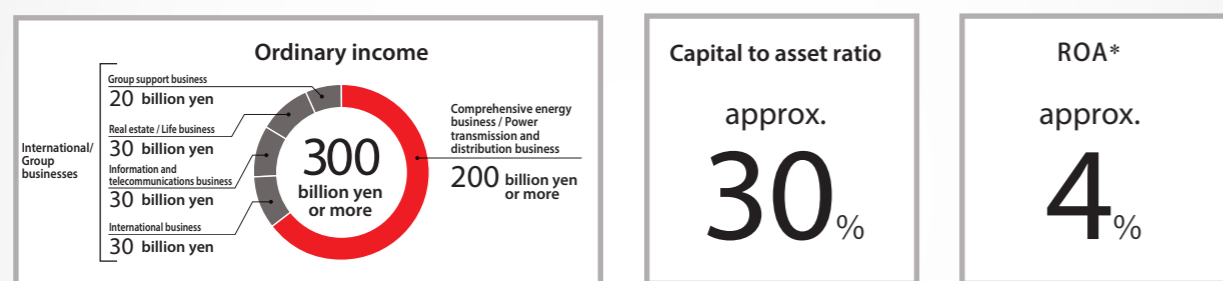
### Expand business fields.

Through our efforts to boldly expand our business fields (business domain/area) without being tied to existing businesses, in pursuit of fresh growth for our Group, the entire Group has grown into a business group much larger than it was before the Great East Japan Earthquake.

### Build a robust management base.

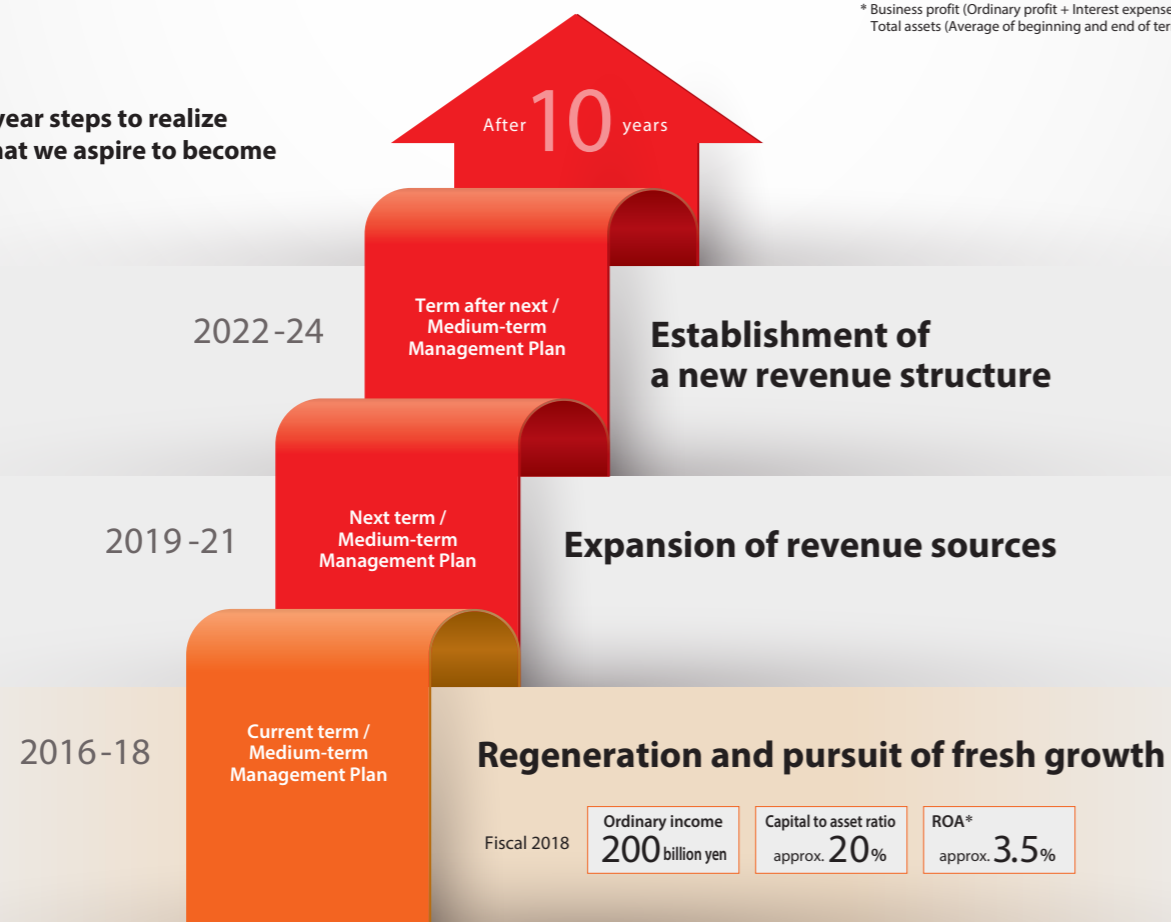
We have established a robust management base which enables agile and effective response to environmental changes, and have also been moving forward tirelessly as Japan's leading company in the energy sector.

## 10-year financial goals (for fiscal 2025)



\* Business profit (Ordinary profit + Interest expense) ÷ Total assets (Average of beginning and end of term)

## 3-year steps to realize what we aspire to become



# Challenge.

— Toward the growth of the Group in a new energy era —

## Key efforts for the realization of the Medium-term Management Plan of the Kansai Electric Power Group (2017)

In April 2017, at the beginning of the second year of our Medium-term Management Plan, considering the status of progress and changes in the business environment, we decided on "Key Efforts for the Realization of the Medium-term Management Plan (2017)." This specifies, for example, efforts from the plan that should be advanced and strengthened with particular focus in order to achieve its goals with more certainty.

## Positioning of the Key Efforts for the Realization of the Medium-term Management Plan (2017)

**Medium-term Management Plan (2016–2018)**

**Management direction**

1. Become a highly profitable business group.
2. Expand business fields.
3. Build a robust management base.

**Core efforts**

- 1 Enhancement of competitiveness in comprehensive energy business
- 2 Establishment of new pillars for growth
- 3 Strengthening Group management foundation

**Financial goals (Consolidated base)**

Item	2018 fiscal year targets	2025 fiscal year targets
Ordinary profit	200 billion yen	300 billion yen
Capital-to-asset ratio	Approx. 20%	Approx. 30%
ROA*	Approx. 3.5%	Approx. 4%

\* Business profit (Ordinary profit + Interest expense) ÷ Total assets (Average of beginning and end of term)

**Determined in April 2017 considering fiscal 2016 progress and business environment changes**

**Key Efforts for the Realization of the Medium-term Management Plan (2017)**

**Prerequisite for plan achievement: maintain safety as the top priority**

- (1) Efforts to have customers choose us—raise top line
- (2) Acceleration and deepening of cost structure reforms
- (3) Restart of nuclear power and safe and stable operation with safety as the top priority
- (4) Enhancement of management foundations oriented toward future growth
- (5) Workstyle innovation, health and productivity management

**Achieve Medium-term Management Plan through advancement of key efforts**

## Key Efforts for the Realization of the Medium-term Management Plan (when announced in April 2017)

### Prerequisite for plan achievement: maintain safety as the top priority

In our corporate group, we have made top priority to safety and fulfilling social responsibilities the axis of business management in our Management Philosophy, and we are advancing efforts for these purposes. However, taking into account the occurrence of incidents such as the crane collapse accident at the Takahama Power Station, we are once again making efforts to improve organizational climates and cultures that put safety first based on the recognition that safety as the top priority is fundamental to management and prerequisite to achieving our Medium-term Management Plan. In addition, we are making efforts to increase the safety behavior and awareness of each and every employee.

### (1) Efforts to have customers choose us—raise top line

- We will quickly lower electricity rates soon after Takahama Units 3 and 4 and Ohi Units 3 and 4 achieve full operation. In our comprehensive energy supply business, we will reliably increase returns by strengthening and advancing total energy proposal activities that combine electricity, Kanden Gas and group services, for example.



The Hapita Family of PR characters for energy, products and services promoted by our company

- In our international businesses and group businesses, including information and telecommunications, and real estate, we will continue to steadily capture sales and profits.
- We will work to adopt and increase diverse renewable energy sources.
- We will continue to pursue new growth potentials by promoting innovation.

### (2) Acceleration and deepening of cost structure reforms

- Utilizing IoT, big data, AI and other extremely new IT technologies (digital technologies), we will accelerate efforts to increase efficiency.
- While continuing to assure safe and stable supplies, by reviewing the conditions of power supply equipment, work methods and rules, for example, we will make bold efforts to accelerate and deepen cost reductions.
- We will advance procurement reform by, for example, utilizing the procurement volumes of the entire Group and making new efforts.
- By reviewing how the indirect tasks related to management are conducted by each group company, for example, we will advance the concentration and outsourcing of such tasks.

### (3) Restart of nuclear power and safe and stable operation with safety as the top priority

- Taking to heart the fact that the primary responsibility for nuclear power safety lies with the operators, we are constantly making efforts to increase the safety and reliability of nuclear plants. By continuing safe and stable operations this way, we are applying all the capabilities of the group to restoring confidence in the safety of nuclear power and promoting understanding of the necessity of the nuclear fuel cycle and nuclear power as a baseload power supply.

### (4) Enhancement of management foundations oriented toward future growth

- We will respond precisely to realizing both healthy competitive structures for electricity market reform and safe and stable supplies of electricity considering "S+3E."
- In preparation for the unbundling of the transmission and distribution sector\* that will be required by law in April 2020, with the assurance of neutrality as a prerequisite, we will spin off companies for transmission and distribution businesses. We intend to continue to promote the comprehensive energy supply business, including electricity and gas businesses, in a unified manner, and will continue to advance the investigation of specific systems.
- In order to keep winning in a competitive era, we are working to further enhance our "human capital."
- Seeking new growth, as we undertake various businesses, we will continue to advanced autonomous compliance according to the characteristics of each business.

\* Investigations will be conducted about issues and other factors related to the electricity market reform that accompanies the legal unbundling in accordance with the supplementary provisions of the Act for Partial Revision of the Electricity Business Act and Other Related Acts.

### (5) Unified promotion of Workstyle Innovation, Health and Productivity Management

- We are seeking workstyles that emphasize value creation over time, workstyles that increase flexibility in time and space, and "ways of resting" that contribute to improving the quality of life. In addition, we are promoting healthy business management by working to improve lifestyle habits and to invigorate communication.



# Main results

## Resumption of operation at Takahama and Ohi and electricity rate reduction

We resumed operation of Units 3 and 4 of the Takahama Nuclear Power Station last year and Ohi Power Station Unit 3 in March and Unit 4 in May this year. Following the resumption of Ohi Units 3 and 4, we decided to reduce electricity rates in July this year. With safety is our top priority, we will continue to apply all our abilities to earn customer trust and have them choose our company.



## Offering "total electric conversion" and new electricity rate options in the Kansai region

We have been offering a variety of rates to fit the customer's lifestyle and electricity consumption such as "total electric conversion" through diverse opportunities.

In addition, we strove to expand rate options and services, including establishing the Nattoku Electricity rate plans especially for Kanden Gas Customers and introducing the new Hapi e-Miruden service.

**オール電化**



## Kanden Gas achieves 400,000 customers

We expanded sales under the Kanden Gas brand by establishing Nattoku Plan gas rate options that provide lower prices than the ordinary rates of Osaka Gas regardless of their gas usage.

As a result of offering Nattoku Packs that combine our electric and gas services and others, we were able to achieve 400,000 customers that double our sales target (at least 200,000) for the first year of market liberalization.

**関電ガス**  
**なっとくパック**

Number of gas subscriptions (fiscal 2017 results)

About **440,000**

## Electricity sales in the capital region

In October 2017, we revised our Hapi e-Plus electricity rate options for the capital region. In addition, we took over the condominium bulk high-voltage electric reception service business from ORIX Electric Power Corporation in September 2017 and established the Next Power Company in October. We intend to further expand sales in the capital region.

**はぴeプラス**

**Next Power**

Number of residential customers receiving electricity from our corporate group in the capital region (as of July 2018)

About **150,000**



## Significant growth in our overseas power businesses

We expanded our investment regions and fields such as participation in gas-fired thermal power project in the United States, a wind power project in Ireland and a plan of UK-Germany interconnector. We also steadily advanced our projects under construction including Nam Ngiep 1 Hydropower in Laos which have reached completion of its main dam. Furthermore, we are working to enhance our capacity to gather information and strengthen local networking through establishing a new business base in New York City.

Overseas power projects

**14** projects in **11** countries

Power generation capacity by investment ratio (as of the end of June 2018)

**2,575,000** kW





# Main results

## Cielia condominium sales growth and capital region expansion in the real estate business

We have been advancing active efforts to increase sales of Cielia condominiums in the Kansai and capital regions.

We are also expanding our rental property business in the capital region. For example, we purchased the Shiba Park Building, a large property, jointly with the Tokyo Gas Group and other investors.

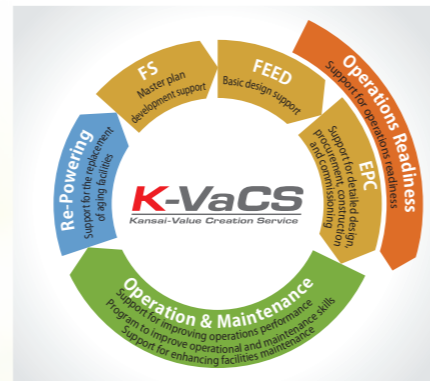


## One million mineo contracts achieved

The mineo mobile phone service provided by K-Opticom Corporation, a member of our corporate group, realized a million contracts on April 10, 2018, achieving the original goal two years early.

Number of mineo mobile phone service contracts (as of April 10, 2018)

# 1,000,000



## Efforts undertaken to provide services that use VPP and IoT technologies

We advanced empirical testing and other efforts toward the realization of new ways of energy management that utilize virtual power plant (VPP) technologies.

In addition, we are beginning to provide engineering services, starting with remote monitoring services utilizing IoT, under the name K-VaCS\* for thermal power plant businesses.

\* Kansai-Value Creation Service



These and other efforts having been highly evaluated, we were selected as a Competitive IT Strategy Company for 2018 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

## Overseas real estate business development

Since we should further strengthen the profitability of our real estate business, we have been pursuing business expansion overseas with eyes on both growing markets, particularly in Southeast Asia, and developed markets, particularly in Europe, the Americas and Australia.



## Promotion of workstyle innovation and health and productivity management

In January 2018, our president issued a Health and Productivity Management Declaration. Seeking to be a leading company for workstyle innovation and health and productivity management, we advanced efforts toward achieving the challenge goals in our key efforts (2017).



## Promotion of innovation

We have been and will be stimulating an innovation movement through In-house Business Incubation Programs. Moreover, we have increased the capital of Kansai Power Venture Management Corporation to approximately 5 billion yen and would actively invest in various start-ups in Japan, the US, and Europe to accelerate the collaboration with them for innovative business creations.



## Key efforts for the realization of the Medium-term Management Plan of the Kansai Electric Power Group (2018)

Considering the status of plan progress and changes in the business environment, we decided on "Key Efforts for the Realization of the Medium-term Management Plan (2018)" as we approached the final year of our Medium-term Management Plan.

### Awareness of the business environment that affects our corporate group

#### Market trends

We cannot expect great growth in future Kansai area demand because of factors that include population decline and energy conservation advancements.

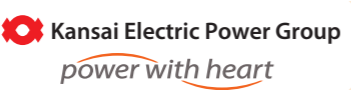
Including the intensification of retail sales competition and the expansion of FIT power supplies, markets and supply and demand structures are changing.

Overseas energy demand is expected to continue growing.

In our information and telecommunications, and real estate businesses, the struggle for telecommunication shares and superior properties is intensifying.

#### Technological trends

As digitalization, energy decentralization and other technologies advance, business chances are expanding.



#### Political trends

Detailed planning discussions are advancing for the establishment of new markets, including capacity, base-load and non-fossil value trading market.

Legal separation of the transmission and distribution businesses in 2020

Growing global CO<sub>2</sub> reduction needs

### Positioning of the Key Efforts for the Realization of the Medium-term Management Plan (2018)

#### Medium-term Management Plan (2016–2018)

#### Key efforts and measures

- 1 Enhancement of competitiveness in the comprehensive energy business**
  1. Strengthening of business strategies
  2. Strengthening of power supply competitiveness (realization of a power supply structure that achieves S+3E)
  3. Positive development in the gas business
  4. Proactive promotion of cooperation between businesses
  5. Further advancement of cost structure reforms
- 2 Establishment of new pillars for growth**
  1. Dramatic growth in our international businesses
  2. Further growth for group businesses
  3. Promotion of innovation to accelerate growth
- 3 Strengthening of group foundations**
  1. Promotion of solid transmission and distribution business
  2. Organization and governance reform
  3. Strengthening of personnel foundations

Determined for this period

### Key Efforts for the Realization of the Medium-term Management Plan (2018)

**Fundamental approach to all key efforts (2018)**  
**Maintain safety as the top priority and fulfill corporate social responsibilities.**

- (1) Be chosen by customers—implement all kinds of top line improvement measures in the comprehensive energy supply business.**
- (2) Seek the highest level of productivity—unceasingly pursue cost structure reforms.**
- (3) Pursue further potential growth in international and group businesses and by taking on new business domains.**
- (4) Build solid foundations to support sustainable management.**

### Key Efforts for the Realization of the Medium-term Management Plan (2018)

In the final fiscal year of our Medium-term Management Plan, we will apply speed to the following efforts and continue to advance at the forefront of the era, taking changes in market, technology and political trends as opportunities for the achievement of the plan.

#### Fundamental approach to all key efforts (2018)—Maintain safety as the top priority and fulfill corporate social responsibilities.

**(1) Be chosen by customers—implement all kinds of top line improvement measures in the comprehensive energy supply business.**

- "Grow" the top line by continuing to recapture and increase energy demand.
- Anticipating new energy shifts, including the expansion of distributed energy resources and decarbonization, "take in" new technologies and "take on" new energy businesses.
- To strengthen the competitiveness of our corporate group, "apply" all our abilities to independently and continuously improving the safety of nuclear power plants and undertaking steady decommissioning measures along with making efforts to establish nuclear fuel cycles.
- Accelerate the development of various businesses including biomass and wind power to "maximize" the utilization of renewable energy sources.

**(2) Seek the highest level of productivity—unceasingly pursue cost structure reforms.**

- "Push" for further economic efficiency improvement, including for power supply, transmission and distribution facilities.
- "Take on" restructuring facility maintenance approaches and group-wide divisions of responsibilities, for example, with the assurance of safety is a prerequisite.
- Actively utilize AI, IoT, big data, robotic process automation (RPA) and other digital technologies, and "transform" previous ways of working.
- "Push" efforts for procurement reform to the next level.
- "Accelerate" reforms to management and shared service businesses further.

**(3) Pursue further potential growth in international and group businesses and by taking on new business domains.**

**International business**

- "Strengthen" case acquisition abilities, "expand" investments in new fields, and "advance" existing cases steadily.

**Information and telecommunications business**

- "Increase" customer satisfaction with eo HIKARI FTTH services by providing appealing services, "expand" mineo mobile phone service further, and "take on" new business expansion.

**Real estate and lifestyle businesses**

- "Extend" revenues further by actively expanding businesses not only in Kansai and the capital region, but also overseas and in other parts of Japan.

**Group support businesses**

- In addition to supporting the comprehensive energy supply business, utilize the skills and expertise developed to "expand" outside sales.

**Innovation and new business**









- By utilizing the strengths that we have developed as well as by strengthening cooperation with venture businesses and other outside organizations, for example, obtain a variety of cutting-edge information and identify opportunities in changes that occur to "create" new value that can be offered.
- "Generate" innovations one after another in-house as well.

**(4) Build solid foundations to support sustainable management.**

- "Take on" the quick realization of a healthy competitive environment that can assure the long-term stable supply of power.
- "Enhance" systems to further accelerate efforts for the realization of our Medium-term Management Plan.
- Establish workstyle innovation and health and productivity management as parts of corporate culture and "raise" productivity.
- Further "enrich" human capital to handle intensification of the competitive environment.
- Continuously "implement" autonomous compliance promotion according to the characteristics of each business.

### Key efforts from the perspective of ESG (2018)

Through our key efforts (2018), from an ESG perspective, we will deepen the CSR activities that our corporate group has undertaken until now. By doing so, we will contribute to resolving global social issues (SDGs\*) while creating economic value and seek sustainable growth together with society.

Environment	Social	Governance
<p><b>Initiatives contributing to the realization of a low-carbon society</b></p> <ul style="list-style-type: none"> <li>● Seek an emission coefficient of about 0.37kg-CO<sub>2</sub>/kWh for the entire power industry in fiscal 2030.</li> <li>● Lead efforts to reduce carbon intensity in the energy field; for example, the operation of nuclear power plants with safety as the first priority and the development and popularization of renewable energies.</li> </ul> <p><b>Initiatives contributing to the realization of a recycling-oriented society</b></p> <ul style="list-style-type: none"> <li>● Industrial waste recycling rate of at least 99.5%</li> </ul> <p><b>Promotion of environmental protection in local communities</b></p> <ul style="list-style-type: none"> <li>● Maintain ratios of SO<sub>x</sub> and NO<sub>x</sub> emissions to power generated (maintain lowest levels in the world).</li> </ul>	<p><b>Contribution of making energy use more sophisticated</b></p> <ul style="list-style-type: none"> <li>● Install smart meters for every customer by fiscal 2022.</li> <li>● Promote smart communities and other community development activities.</li> </ul> <p><b>Preparation for and prevention of disasters and other accidents</b></p> <ul style="list-style-type: none"> <li>● Establish disaster prevention systems for rapid recovery and the creation of facilities that are resistant to disasters.</li> <li>● Promote efforts for the goal of "zero accidents."</li> <li>● Strengthen cyber security measures.</li> </ul> <p><b>Promotion of diversity</b></p> <ul style="list-style-type: none"> <li>● At least double the ratio of female managers from fiscal 2013 by the end of fiscal 2020.</li> </ul>	<p><b>Compliance thoroughness</b></p> <ul style="list-style-type: none"> <li>● No serious legal violations</li> </ul> <p><b>Open business activities with high transparency</b></p> <ul style="list-style-type: none"> <li>● Proactive ESG information disclosure</li> <li>● Promotion of communication with stakeholders</li> </ul> <p><b>Strengthening of corporate governance</b></p> <ul style="list-style-type: none"> <li>● Advancement of efforts to activate the Board of Directors</li> </ul>
<p>Related SDGs</p> <div style="display: flex; justify-content: space-around;">    </div>	<p>Related SDGs</p> <div style="display: flex; justify-content: space-around;">     </div>	<p>Related SDGs</p> <div style="display: flex; justify-content: center;">  </div>

\* Sustainable Development Goals → P.35



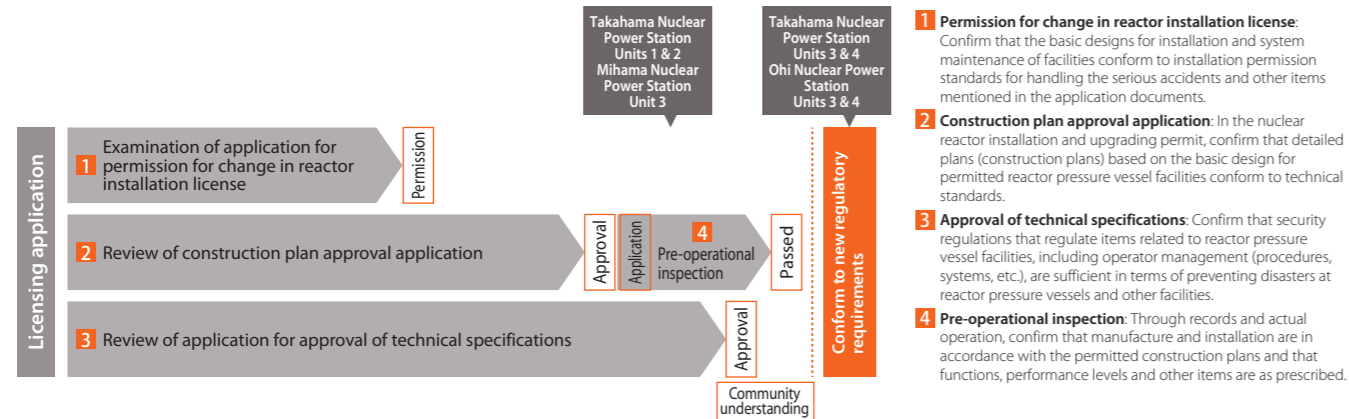
# Toward the restart of nuclear power plant operation

Since the accident at Tokyo Electric Power's Fukushima Daiichi Nuclear Power Station, in addition to emergency safety measures, our company has been thoroughly strengthening countermeasures for earthquakes, tsunamis and other natural disasters along with measures to prevent damage to reactor pressure vessels. Applications for the nuclear power plants that have implemented these measures are being made to the Nuclear Regulation Authority for examination of their compliance with the new regulatory requirements. All of our plans have received construction plan approvals. As we gain understanding from the people in the communities where these nuclear power plants are located, we will continue to strive with all our abilities to resume the operation of those that have been confirmed to be safe and to maintain their safe and stable operation after that.

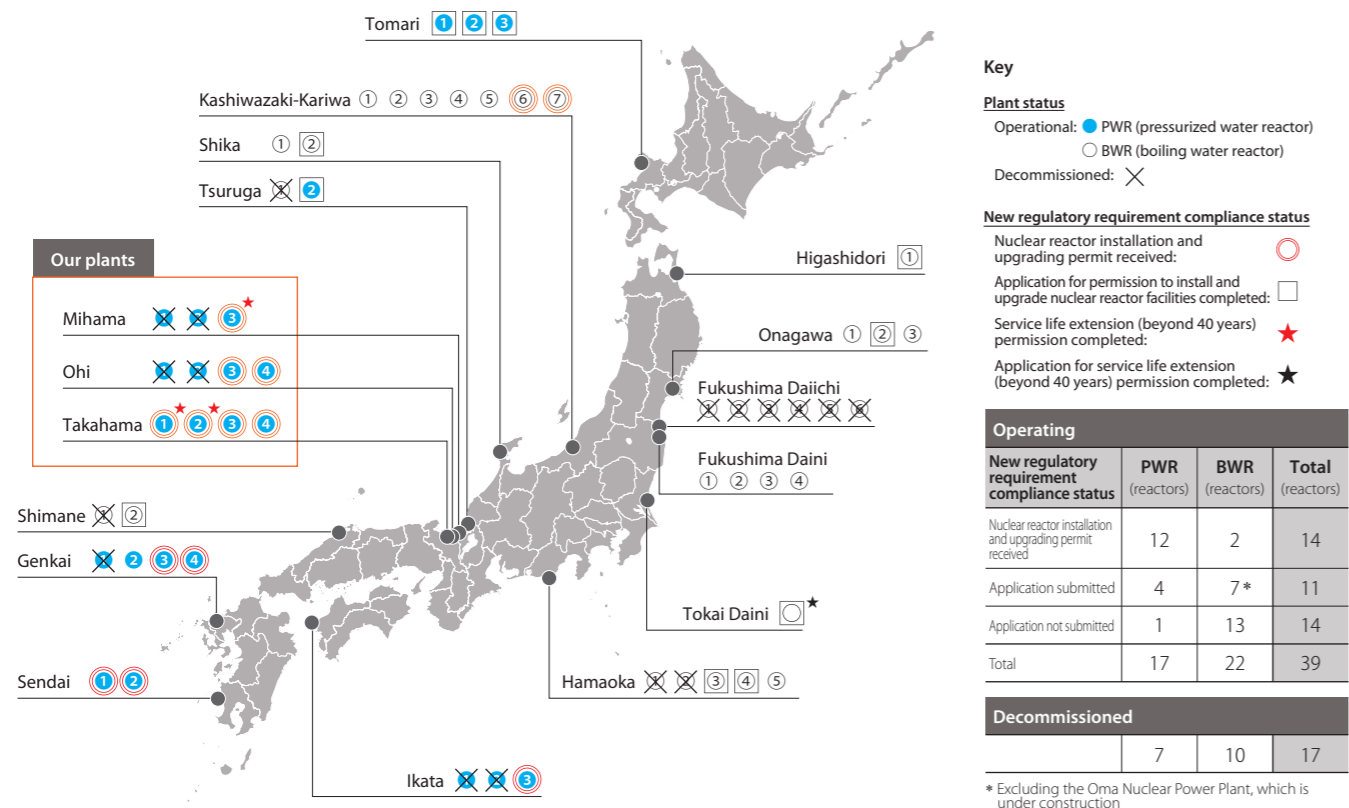
## New regulatory requirement compliance status of our plants

In 2017, we received from the Nuclear Regulation Authority the "permission for change in reactor installation license," "construction plan approval" and "approval of technical specifications" necessary to resume operation of Ohi Power Station Units 3 and 4. After passing pre-operational inspections, we restarted operation of Unit 3 in March and Unit 4 in May 2018. Throughout Japan, 14 plants have received permission for change in reactor installation license. Of these, 7 plants belong to our company, and 4 have resumed operation. Our other plants have completed procedures for construction plan approval.

### Status of new regulatory requirement conformity examinations for our plants (as of May 31, 2018)



### Status of nuclear power plants and new regulatory requirements throughout Japan (as of May 31, 2018)



## Ohi Nuclear Power Station Units 3 and 4 resume operation and Takahama Nuclear Power Station Units 3 and 4 continue safe and stable operation

Ohi Nuclear Power Station Unit 3 resumed operation in March 2018 about four and a half years after it was stopped due to periodic inspection in September 2013. Unit 4 followed Unit 3, resuming operation in May. Moreover, Takahama Nuclear Power Station Units 3 and 4, which resumed operation in 2017, are continuing to operate safely and stably. We will continue to carefully work on the operation and maintenance of the plants putting top priority at the safety.



Connecting Ohi Power Station Unit 3 to the transmission network



Ohi Nuclear Power Station Units 3 & 4

## Response to the non-conforming products of Kobe Steel, Ltd., its group companies and a subsidiary of Mitsubishi Materials Corporation

The fact has been made public that Kobe Steel, Ltd., its group companies and a subsidiary of Mitsubishi Materials Corporation undertook alteration of data in inspection certifications and other manipulation. We confirmed that there were no impacts on the safety of our nuclear power plants. For example, we confirmed that no unsuitable products had been delivered for important parts for safety such as reactor vessels and pressurizers and other equipment subject to new regulatory requirements at Ohi Power Station Units 3 and 4 and Takahama Power Station Units 3 and 4. We also undertook on-site inspections of related business places, checked inspection processes and confirmed inspection certifications and other documents by comparing them with original data.

## Further strengthening of ongoing voluntary efforts to enhance nuclear safety

Reflecting on the lessons from the disaster at the Fukushima Daiichi Nuclear Power Station of Tokyo Electric Power in June 2014, we organized our voluntary efforts for improving safety as a road map. Since then, we have publicly reported the status of our progress semiannually. In the future, we will go beyond regulatory frameworks as we continue as a unified company to advance independent and sustained efforts for improving the safety of nuclear power generation.

### Examples of voluntary efforts to improve safety



We developed an attachment to utilize alternative mobile low-pressure water pumps of other power companies. Pumps with different specifications from other companies can now be used at our company.



We hold Risk Review Meetings in which we discuss construction risks and consider countermeasures at the construction planning stage, reflecting on the crane collapse accident that occurred at Takahama Power Station Unit 2 and other incidents.



## Preparing for operation beyond 40 years

In the Long-term Energy Supply and Demand Outlook established by the government in July 2015, nuclear power was specified to have a fixed ratio of 20–22% of the total power supply composition by fiscal 2030.

If all the existing nuclear power plants cease operation after 40 years of active use, nuclear power generation will only be about 15% of the total amount of power generation in fiscal 2030. In order to assure that nuclear power fulfills its role as 20–22% of the total energy composition in fiscal 2030, at our company, we believe that it is necessary to operate our nuclear power plants beyond 40 years with the assurance of safety as a major prerequisite.

### Toward resuming the operation of Takahama Nuclear Power Station Units 1 and 2 and Mihama Nuclear Power Station Unit 3

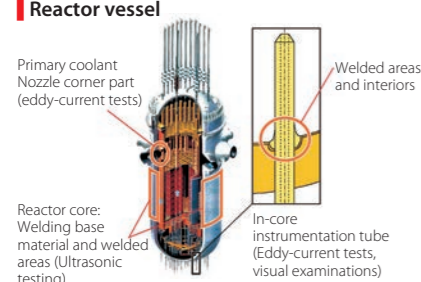
Our company has always maintained the durability of our nuclear power plant facilities by continuously implementing maintenance and management, including regular inspections and planned equipment replacements.

At the time of applications for operation period extension beyond 40 years in accordance with the law for Takahama Power Station Units 1 and 2 and Mihama Power Station Unit 3, special inspections were carried out for reactor vessels and other equipment. In addition, technical evaluations of degradation from age were carried out, confirming that the durability of important facilities for safety could be assured even for an operating period of 60 years. After examinations of these results, we received operating period extension approvals from the Nuclear Regulation Authority for Takahama Power Station Units 1 and 2 in June and for Mihama Power Station Unit 3 in November 2016. As we now prepare for operation beyond 40 years, we are steadily advancing safety measure construction projects.

#### Special inspections

For reactor vessels, containment vessels and concrete structures, which are difficult to replace, in addition to ordinary maintenance, we conducted inspections to determine states of degradation in detail (special inspections) and confirmed that there were no abnormalities.

**Reactor vessel**



Primary coolant Nozzle corner part (eddy-current tests)

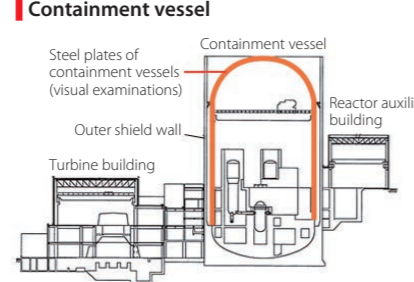
Welded areas and interiors

Reactor core: Welding base material and welded areas (Ultrasonic testing)

In-core instrumentation tube (Eddy-current tests, visual examinations)

We confirmed that there were no cracks, breaks or other defects through careful visual inspections and tests using ultrasonic waves and electric currents.

**Containment vessel**



Steel plates of containment vessels (visual examinations)

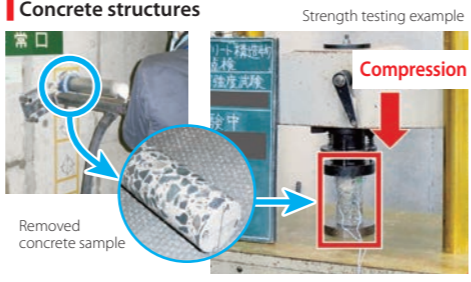
Outer shield wall

Turbine building

Reactor auxiliary building

We checked the state of the external coating with careful visual inspection and confirmed that there were no instances of coating detachment, corrosion or other defects or abnormalities.

**Concrete structures**



Strength testing example

Compression

Removed concrete sample

In order to check changes to material states and strengths, particularly for places exposed to extreme temperatures and other severe environmental factors from containment vessels and similar facilities, we removed concrete samples from each unit and confirmed that they had no problems.

#### Construction safety improvement measures (example)

At Takahama Nuclear Power Station Units 1 and 2, we installed dome-shaped reinforced-concrete upper shields on the containment vessels in order to reduce radiation from the reactor containment vessels and reduce radiation exposure during outside work should a severe accident occur.



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

#### Promoting efforts for understanding related to operation beyond 40 years

We are undertaking face-to-face communication, including power plants tours and explanations in various locations to deepen public understanding about the operation of our plants beyond 40 years. We will continue to promote active communication with members of society, starting with those who live near our facilities.



Undertaking face-to-face efforts (explanation meeting)

## Reliable decommissioning processes

In April 2017, we received permissions from the Nuclear Regulation Authority for our decommissioning plans and accompanying changes to technical specifications for Mihama Nuclear Power Station Units 1 and 2. We also determined in December 2017 that Ohi Nuclear Power Station Units 1 and 2 will be decommissioned. As a result, we have now confirmed operation plans for all 11 of our plants. With safety as our top priority, we will continue working toward the decommissioning of Mihama Nuclear Power Station Units 1 and 2 and Ohi Nuclear Power Station Units 1 and 2.

### Decision to decommission Ohi Nuclear Power Station Units 1 and 2

We determined in December 2017 that Ohi Nuclear Power Station Units 1 and 2 would be decommissioned and on March 1 2018, we officially terminated their operation. Ohi Nuclear Power Station Units 1 and 2 are the only reactors that use ice condenser containment vessels in Japan. Due to the special characteristics of this design, we understood that implementation of safety measures to comply with new regulatory requirements would result in numerous constraints related to periodic inspections, and equipment inspections and maintenance during operation, for example. We undertook technical examinations of resolution measures, but issues related to work safety and quality assurance remained. Believing that safety is the highest priority, we decided to decommission these units.

With safety as our top priority, we will continue steadily advancing the decommissioning of Ohi Nuclear Power Station Units 1 and 2.

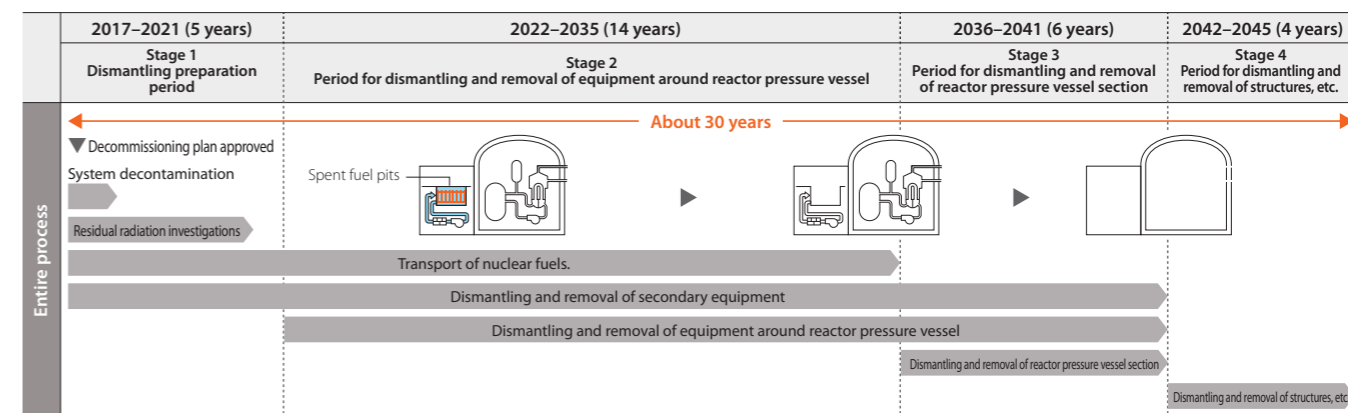


Ohi Nuclear Power Station Units 1 & 2

### Status of Mihama Nuclear Power Station Units 1 and 2 decommissioning

We are advancing decommissioning plans for Mihama Nuclear Power Station Units 1 and 2, which covers about 30 years in total, in four main stages. In the first stage, as preparation work for future full-scale dismantling in the controlled area, after decontamination of primary main systems, we are inspecting remaining radiation in the facilities. In addition, we have started dismantling secondary facilities that are not contaminated with radioactive substances, including turbine buildings. In the second stage, we will begin disassembly of reactor auxiliary buildings. Moreover, we will transport the spent fuels. In the third stage, we will dismantle the reactor vessel and other equipment with relatively high levels of radiation inside the containment vessel. In the fourth and final stage, after confirming that no contamination remains within the facilities, we will disassemble the structures and complete decommissioning.

#### Entire process for decommissioning Mihama Nuclear Power Station Units 1 and 2

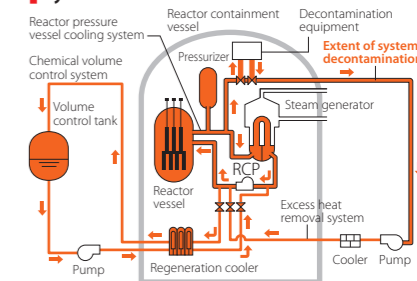


### Completion of Mihama Nuclear Power Station Units 1 and 2 system decontamination work

System decontamination work is the removal of radioactive materials to reduce exposure to workers during future dismantling. The decontaminated systems have coolant water that contains radioactive materials flowing through them during ordinary operation and include reactor pressure vessel cooling systems, excess heat removal systems and chemical volume control systems.

The Mihama Nuclear Power Station Units 1 and 2 system decontamination work was the first large-scale chemical decontamination in Japan as for the main systems of the pressurized water reactors. It was completed safely and without trouble as a result of diligent execution, including careful preparation and leak risk countermeasures before operating the existing facilities that had been stopped for a long time.

#### System decontamination work overview





# Management with corporate social responsibility as the measure

To help the Group continue to fulfill its unchanging mission of “serving customers and communities,” Kansai Electric Power positions CSR, a firmly held value of the entire Group, as a core conviction, reflecting how the Group has in the past and will continue in the future to approach management from a solid foundation of CSR.

	1950s and 1960s	1989–2008	2009–
Major events	1951 ▼KEPCO launched upon restructuring of power business	2000 ▼Liberalization of electricity retail market begins 2004 ▼Increased liberalization of electricity retail market (high voltage) ▼Mihama Nuclear Power Station Unit 3 secondary pipe failure	2011 ▼Great East Japan earthquake April 2016 ▼Full liberalization of the electricity retail market begins April 2017 ▼Full liberalization of the gas retail market begins
Philosophy and Vision	1951 • “Maedaregake Spirit” (the spirit of consideration for and service to others) • Corporate Creed “good sense, diligence, friendship” 1964 • Establishment of Kansai Electric Power service	March 2004 • Kansai Electric Power Group Management Vision No. 1 in customer satisfaction among suppliers	March 2016 • Management Philosophy • Guidelines for Action Kansai Electric Power Group Vision
CSR		March 2004 • Kansai Electric Power Group CSR Action Charter May 2005 • Kansai Electric Power Group CSR Action Standards	March 2016 • Kansai Electric Power Group CSR Action Charter
Main activities and efforts	April 2004 • 1st CSR Promotion Council held	December 2005 • CSR Promotion Group established and full-time system created • Key CSR staff appointed	March 2014 • 10 years since the start of CSR activities

## The Kansai Electric Power Group CSR Action Charter

### Basic view

The Kansai Electric Power Group’s business activities draw support from customers, regional communities, shareholders, investors, business partners, employees and many other segments of society.

This trust the Group gains from all these communities is the very bedrock of the Group’s operations, without which it would be unable to maintain sustainable growth and fulfill its mission.

At the Kansai Electric Power Group, we would like to fulfill our responsibilities as a member of society, including maintaining compliance and transparency. In addition, by responding sincerely to the expectations of members of society for our group business activities, we would like to contribute to the sustainable development of society and the realization of a bright and affluent future as well as keep the trust that we receive unshakable.

Thus, the Kansai Electric Power Group develops all of its

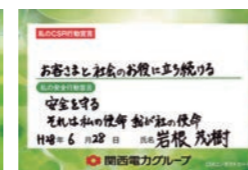
business activities and fulfills its CSR obligations as an enterprise based on its six CSR Action Principles. (For the original text of the principles, see page 35.)

### Carrying CSR Conduct Cards

The Group Management Philosophy and CSR Action Principles have been inscribed on portable Conduct Cards. We distribute these to all employees who write their personal conduct vows on the back and use them to confirm their conduct and goals in their own work.



Conduct Card



President's Action Declaration

## Fundamental purchasing policies of the Kansai Electric Power—purchasing activities based in corporate social responsibility (revised April 2018)

With safety as the highest priority and the ideal of cost reduction and stable procurement at the same time, our purchasing divisions are procuring materials and services that are outstanding in terms of safety, quality and price at appropriate times. We follow our Action Standards for Procurement Activities, which is comprised of seven items, including quality maintenance, consideration of the environment and human rights, and thorough compliance. Doing so, we undertake purchasing activities based in corporate social responsibility and endeavor to contribute to society and create value.

Since these purchasing activities are supported by our

suppliers, who are valuable partners, we are using contract negotiations, supplier visits and other opportunities to work to explain our fundamental purchasing policies and deepen their understanding of our efforts.

### Action Standards for Procurement Activities

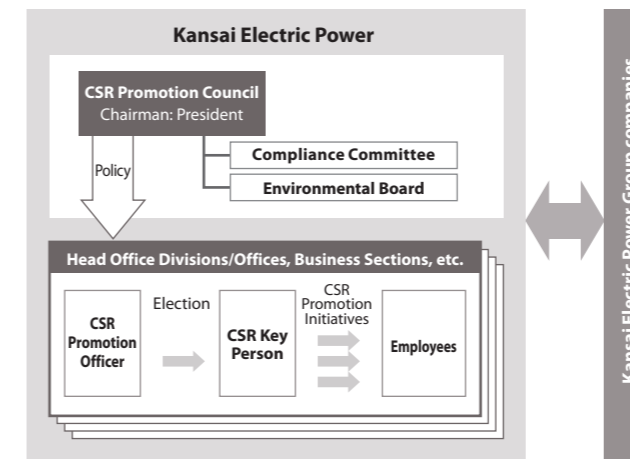
1. Safety as the highest priority
2. Promotion of cost reduction efforts
3. Maintenance and improvement of stable procurement, quality, and technical capabilities of materials and services
4. Establishment of fiduciary partnership
5. Contribution to society and consideration of the environment
6. Transparent, open business activities
7. Strict enforcement of compliance

# Preparation of systems to fulfill CSR reliably

## CSR Promotion Council at the heart of the CSR promotion system

Headed by the president of Kansai Electric Power, the CSR Promotion Council establishes the general policies that guide the entire Group in promoting CSR, and provides general coordination of specific activities. Issues of a specialized nature are sent to committees, such as the Compliance Committee and the Environmental Board, for deliberation. The policies formulated by the CSR Promotion Council are communicated to each operating division and business location, which then develop their own activities. CSR promotion initiatives are led by the person in charge in each division and location acting as the CSR Promotion Officer, who assigns a CSR Key Person at each workplace. Each Group company also develops its own CSR promotion activities independently, while staying in communication with Kansai Electric Power.

### CSR promotion system



## Communication between executives and frontline workplaces

The Company creates various opportunities for the president and other executives to visit frontline workplaces. Through such dialogues, the president and other executives are able to directly communicate their views about safety and the importance of safety, and to promote and promulgate an understanding of CSR. Through an exchange of views, the president and other executives also gain an immediate understanding of issues and problems being faced by each workplace, which is later reflected in management policy.



Dialogues with the president at the Namba Office

## CSR promotion initiatives for employees

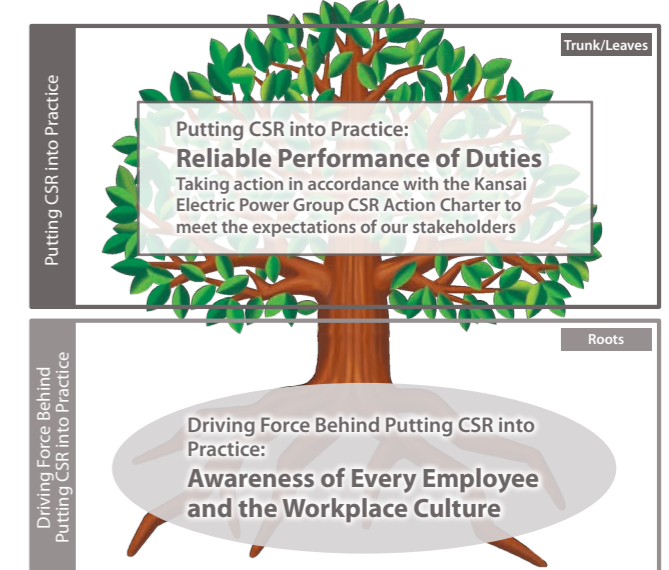
We continuously carry out efforts to educate employees about putting CSR into practice and improving workplace cultures. We are implementing promotion initiatives to reinforce the awareness that carrying out one’s duties conscientiously on a daily basis (putting CSR into practice) builds the trust of customers and the communities.

Using the analogy of a tree, improving the workplace culture is an initiative that gives nourishment to and strengthens the roots of the tree (raising the awareness of every employee/workplace culture), which are not visible. Putting CSR into practice (carrying out one’s duties conscientiously on a daily basis) makes the trunk and leaves and other visible parts of the tree grow (six CSR Action Principles). Based on this approach, promotion initiatives for all employees are taken independently, led by the CSR Key Person elected to promote CSR at each workplace. Also, a company-wide employee questionnaire on CSR is conducted annually for analyzing and assessing CSR activities for employees and for providing feedback to each workplace.

### Results of questionnaire for employees on CSR (conducted in November 2017)



### CSR promotion activities (CSR Tree)



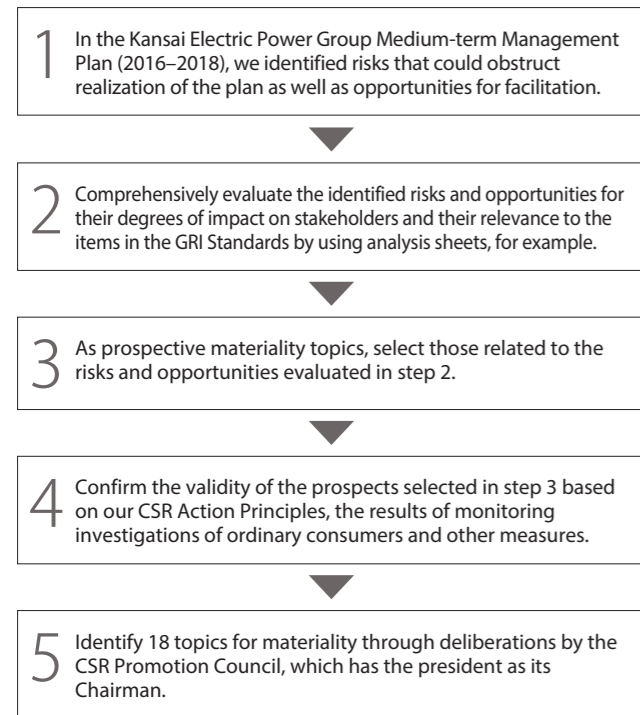


# Important issues in CSR

We have applied the principle of materiality to specify important issues, and we are conducting PDCA cycles for our efforts with the goal of clarifying the issues that our company should be working on now in order to make both our corporate group businesses and the societies in which they are active sustainable. In addition, we are seeking to contribute to the Sustainable Development Goals (SDGs), which are global issues at the highest priority and clarify "The Future We Want" as we approach 2030, through related efforts by our group with a focus on materiality.

## Materiality identification process

We have organized the identified materiality topics by CSR Action Principles and are reporting our main efforts in this document. In response to changes in the business environment and in the expectations and demands of stakeholders, we will revise materiality selections and enhance efforts to contribute to sustainable development.



## Sustainable Development Goals (SDGs)

In September 2015, Sustainable Development Goals (SDGs) were adopted by every participating country at a United Nations summit. At the summit, 17 goals, which included poverty, hunger, energy and climate change, that should be achieved by 2030 were proclaimed.



## Main results for CSR Action Principles and materiality

CSR Action Principle	Materiality topics	GRI disclosure item	Related SDGs	Main efforts and objectives	FY 2017 results	Boundary (extent included in total)	Reference pages		
								Key: Economic issue	Environmental issue
Safe and stable delivery of products and services as chosen by customers	Economic Performance	201-1		Revenue assurance	<ul style="list-style-type: none"> <li>Ordinary profit: <b>¥200 billion in fiscal 2018</b></li> <li>Capital to asset ratio: <b>20% in fiscal 2018</b></li> <li>Return on assets (ROA): <b>3.5% in fiscal 2018</b></li> </ul>	Consolidated base	7, 19-22, 79		
	Availability and Reliability	G4-DMA (old EU)		Safe and stable power supply	<ul style="list-style-type: none"> <li>Maximum power: 26,380,000 kW</li> <li>Supply capacity: 28,660,000 kW</li> </ul>	Kansai area	5, 6, 42, 43, 80		
	Demand-Side Management	G4-DMA (old EU)		Energy conservation consulting for customers	<ul style="list-style-type: none"> <li>Number of "Hapi e-Miruden" participants: 3,988,000</li> </ul>	Kansai Electric Power Co., Inc.	8, 45-47, 54, 55		
	Plant Decommissioning	G4-DMA (old EU)		Nuclear power plant utilization and decommissioning	<ul style="list-style-type: none"> <li>Mihama Nuclear Power Station Units 1 and 2 decommissioning</li> <li>Ohi Nuclear Power Station Units 1 and 2 decommissioning</li> </ul> <b>Implementation of safe and steady decommissioning of Mihama Nuclear Power Station Units 1 and 2 Ohi Nuclear Power Station Units 1 and 2 decommissioning measures plan approval</b>	Kansai Electric Power Co., Inc.	29, 32		
	Disaster/Emergency Planning and Response	G4-DMA (old EU)		Preparation for and handling of accidents and disasters	<ul style="list-style-type: none"> <li>Preparation for nuclear power disasters: <b>Appropriate implementation</b></li> <li>Preparation for large-scale disasters: <b>Appropriate implementation</b></li> </ul>	About 5,900 About 5,700 847	Kansai Electric Power Co., Inc.	40, 44	
	Customer Health and Safety	G4-EU25		Assure public security at power facilities	<ul style="list-style-type: none"> <li>Number of injured ordinary citizens: <b>None</b></li> </ul>	7	Kansai Electric Power Co., Inc.	5, 6, 43	
	Marketing and Labeling	417-1*		Transmission and communication of various types of information related to electricity	<ul style="list-style-type: none"> <li>Appropriate information transmission to customers and society: <b>Appropriate information transmission at appropriate times</b></li> <li>Number of reform cases based on customer feedback: <b>Continuous reform</b></li> </ul>	We reliably transmitted information about safe use, value chains, fuel, waste products and other matters through group reports and other means (Cumulative total) 101 cases	Kansai Electric Power Co., Inc.	5, 6, 38-47, 49, 50	
	Access	G4-EU29		Power supply quality	<ul style="list-style-type: none"> <li>Annual power outage time per household: <b>Maintain the highest standard in the world</b></li> </ul>	15 minutes	Kansai area	8, 42, 43	
	Proactive approach with a view to creating ever better environment	System Efficiency	G4-EU11		Maintain and improve thermal efficiency of thermal power plants	<ul style="list-style-type: none"> <li>Thermal power thermal efficiency (lower heating value): <b>Maintain and improve current level</b></li> </ul>	48.3%	Kansai Electric Power Co., Inc.	49, 50, 52, 80
		Emissions	G4-EU12		Reduce transmission and distribution loss	<ul style="list-style-type: none"> <li>Transmission and distribution loss rate: <b>Reduce from current level</b></li> </ul>	4.35%	Kansai area	50
305-4				Reduce carbon impact of electricity	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emission coefficient (end use): <b>About 0.37 kg-CO<sub>2</sub>/kWh in fiscal 2030 (objective of the Electric Power Council for a Low Carbon Society)</b></li> </ul>	0.42 kg-CO <sub>2</sub> /kWh (Tentative value)	Kansai Electric Power Co., Inc.	8, 49-51, 80	
Effluents and Waste		305-7		Prevent atmospheric pollution	<ul style="list-style-type: none"> <li>SO<sub>x</sub> emissions (thermal power): <b>Maintain the lowest level in the world</b></li> <li>NO<sub>x</sub> emissions (thermal power): <b>Maintain the lowest level in the world</b></li> </ul>	0.039 g/kWh 0.077 g/kWh	Kansai Electric Power Co., Inc.	49, 50, 58	
		306-2		Reduce environmental impacts from waste	<ul style="list-style-type: none"> <li>Amount of high-concentration PCB processed: <b>Process the entire amount within the legal time limit</b></li> <li>Low-level radioactive waste generated: <b>Steadily implement reduction measures</b></li> </ul>	239 units 1,451 drums	Kansai Electric Power Co., Inc.	49, 50, 57	
Proactive contributions to development of local communities	Local Communities	G4-DMA (old EU)		Promote community development activities	<ul style="list-style-type: none"> <li>Total number of community development activity plans realized: <b>Maintain and create demand in cooperation with stakeholders</b></li> </ul>	5 (as of June 2018)	Kansai Electric Power Co., Inc.	62, 63	
Respect for human rights and development of favorable work environment by taking advantage of diversity	Occupational Health and Safety	403-2		Employee safety and hygiene	<ul style="list-style-type: none"> <li>Accident frequency rate: <b>0</b></li> </ul>	0.29	Kansai Electric Power Co., Inc.	8, 68	
	Training and Education	404-1		Development of employee skills and abilities	<ul style="list-style-type: none"> <li>Number of group training participants (group training): 40,893</li> </ul>		Kansai Electric Power Co., Inc.	67	
	Diversity and Equal Opportunity	405-1		Promotion of diversity	<ul style="list-style-type: none"> <li>Number of female managers (ratio): <b>Double the fiscal 2013 number by the end of fiscal 2020</b></li> <li>Number of female hires for office positions (ratio): <b>Female ratio of 40% or higher</b></li> </ul>	106 (1.9%) 21 (43%)	Kansai Electric Power Co., Inc.	8, 66	
Strict enforcement of compliance	Environmental Compliance	307-1**		Strict enforcement of compliance	<ul style="list-style-type: none"> <li>Press releases related to serious compliance problems and matters: <b>No serious violations</b></li> </ul>	0	Kansai Electric Power Group	59, 65	
	Socioeconomic Compliance	419-1***		Information security management	<ul style="list-style-type: none"> <li>Press releases related to personal information leaks: <b>No information leaks</b></li> </ul>	1	Kansai Electric Power Group	74	
	Customer Privacy	418-1****							

(GRI standards used for reference) \* GRI 417: Marketing and Labeling 2016 417-1, GRI 103: Management Approach 2016 103-1, 103-2, 103-3 \*\* GRI 307: Environmental Compliance 2016 307-1, GRI 103: Management Approach 2016 103-1, 103-2, 103-3 \*\*\* GRI 419: Socioeconomic Compliance 2016 419-1, GRI 103: Management Approach 2016 103-1, 103-2, 103-3 \*\*\*\* GRI 418: Customer Privacy 2016 418-1, GRI 103: Management Approach 2016 103-1, 103-2, 103-3



# Conducting all business activities based on our CSR Action Principles

## CSR Action Principles

### 1 Safe and Stable Delivery of Products and Services As Chosen by Customers →P38

The Kansai Electric Power Group will endeavor to develop and improve the products and services as chosen by customers and as a business operator responsible for lifelines that are indispensable to society we will take every conceivable measure, day by day, to deliver our product and services safely and stably.

### 2 Proactive Approach with a View to Creating Ever Better Environment →P48

As a provider of energy services that are closely connected with the environment, the Kansai Electric Power Group fully recognizes the scale of impact its business activities have on the global environment and therefore will strive to alleviate the environmental burden and environmental risks accompanying our business activities. Furthermore, we will aspire for creating ever better environment and contribute proactively to the development of a sustainable society through provision of products and services having lesser environmental impact.

### 3 Proactive Contributions to Development of Local Communities →P61

As a business operator closely linked with its local communities and lives of their inhabitants, the Kansai Electric Power Group fully recognizes that its own development is not conceivable without the development of the local communities associated with its business activities and therefore we will proactively contribute to the development of our local communities through initiatives to revitalize these communities and the local economy. Also with regard to our overseas business activities, we will strive to contribute to the development of the respective local communities with due consideration to local culture and practices.

### 4 Respect for Human Rights and Development of Favorable Work Environment by Taking Advantage of Diversity →P64

The Kansai Electric Power Group recognizes the "human rights" as a common and universal value of the global society, supports the international standards relating to the human rights and respects the human rights in all of its business activities. Accordingly, we will strive to secure safe and comfortable work environment for all the people associated with our business activities and take advantage of diversity (each individual's diversity) to the maximum extent.

### 5 Highly Transparent and Open Business Activities →P69

In order to properly reflect social opinions in its business activities, to ensure fairness in the management of its business operations and to faithfully carry out its accountability to society through timely transmission and disclosure of information, the Kansai Electric Power Group will promote increased communication with all members of society and conduct business activities that are transparent and open.

### 6 Strict Enforcement of Compliance →P72

In all aspects of its business activities, the Kansai Electric Power Group will comply with all laws and regulations, internal rules and business ethics and will ensure strict enforcement of compliance as the basis of our management. The Group as a whole will build the structure that should ensure these actual practices and will strive to maintain and improve its structure.

CSR Action Principles

1

## Safe and Stable Delivery of Products and Services As Chosen by Customers

The Kansai Electric Power Group will endeavor to develop and improve the products and services as chosen by customers and as a business operator responsible for lifelines that are indispensable to society we will take every conceivable measure, day by day, to deliver our product and services safely and stably.

## Ensuring diverse power sources for stable supply

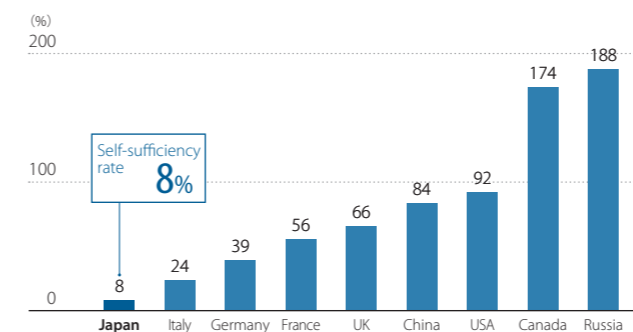
### Energy risks faced by Japan

Japan's energy self-sufficiency rate is only around 8%; for most of its power needs, Japan must rely on imported energy. Japan imports much of its crude oil and liquefied natural gas (LNG) from the Middle East, where political conditions are unstable. Overdependence on these sources of energy presents risk in terms of both price and the stable supply of energy. In contrast, the uranium used in nuclear power plants is widely distributed throughout the world, and many of the nations where it is produced are politically stable, which enables a stable supply of uranium. To ensure stable future energy supplies, it is vital to maintain diversified resource procurement and an optimal mix of electric power generation methods.

### Energy mix

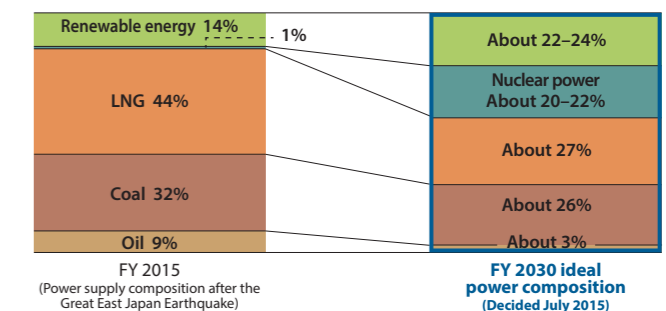
In July 2015, the government established a long-term energy supply and demand outlook (energy mix) that expresses how energy supply and demand should be in Japan for fiscal 2030. Within this, nuclear power is specified to have a fixed ratio of 20–22% of the total power supply composition. Furthermore, while recognizing limitations including those related to the environment and location, a goal of approximately doubling the fiscal 2014 levels to 22–24% is indicated for the incorporation of renewable energy.

### Energy self-sufficiency rates of major countries (for 2015, except 2016 for Japan)



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

### FY 2030 energy mix



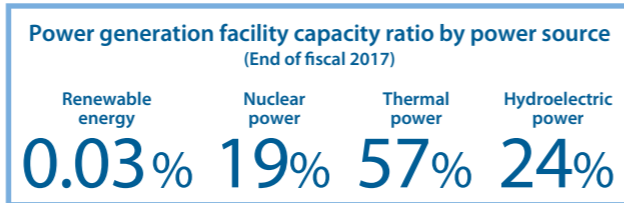
Created based on the Agency for Natural Resources and Energy's "Long-term Energy Supply and Demand Outlook" (July 2015), "Documents Related to the Long-term Energy Supply and Demand Outlook" (July 2015) and other materials



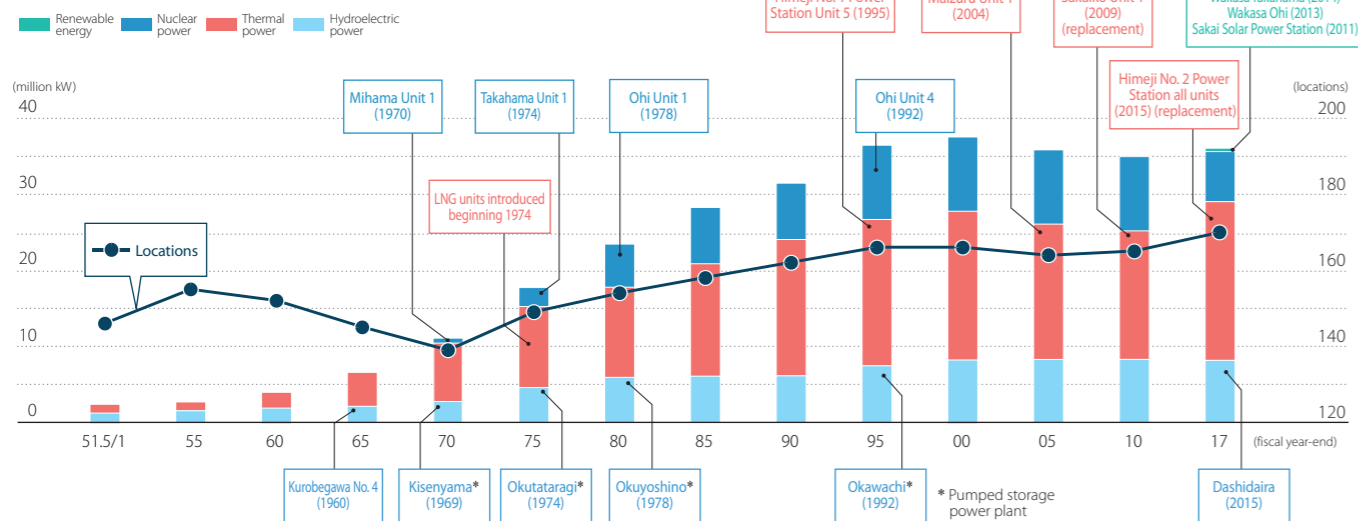
1 Safe and Stable Delivery of Products and Services As Chosen by Customers

Facilities configuration based on S+3E

To carry out our mission of providing customers with high-quality, economical electricity on a stable basis, Kansai Electric Power has adopted the "S+3E" approach, which places top priority on Safety in the effort to achieve Energy security while maintaining a focus on Economy and Environmental conservation. Through this approach we work to achieve a well-balanced combination of nuclear, thermal, and renewable energy power generation.



Changes in power source composition

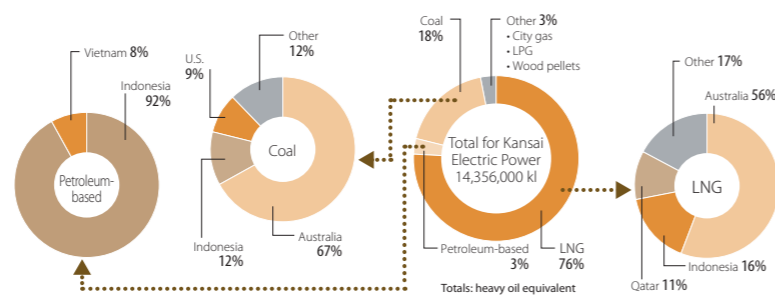


Flexible and stable fuel procurement

Approach for stable fuel procurement

Fossil fuel faces a variety of problems, such as concentration in certain regions and political instability in the producing countries.

In order to procure fossil fuels stably, economically and flexibly, our company is involved in every stage from fuel production to receiving. We also work to diversify procurement sources and pricing formula.



Establishment of a new company to achieve flexible LNG procurement and sales

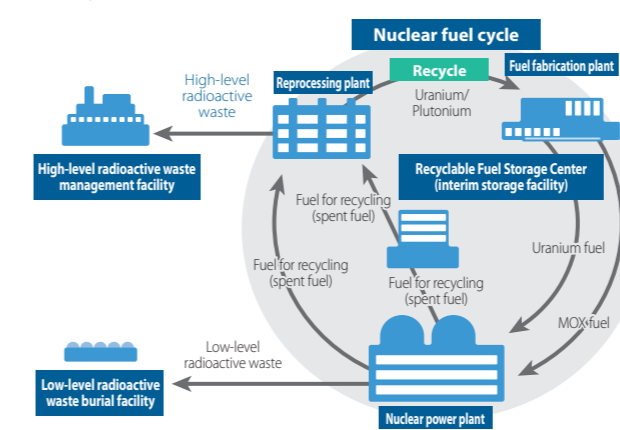
In April 2017, we established KE Fuel Trading Singapore Pte. Ltd. as a new company with the purpose of strengthening LNG procurement and sales in Singapore. To procure and sell adequate amounts at proper opportunity with stability, adaptability and economy, we approach by building a structure capable of reacting to fluctuation of demand and other factors, and by expanding our information gathering network in Singapore, which is an LNG trading hub in the Pacific region.



Securing stable energy through the nuclear fuel cycle

Nuclear fuel cycle

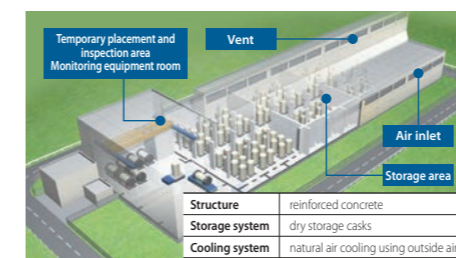
Nuclear fuel is stably procurable and we can obtain a large amount of electricity from a small amount of fuel. After a fuel loading, a reactor generates electricity for more than a year. For this reason, nuclear power is said to be a "semi-domestic energy resource." In addition, spent fuel contains reusable elements (uranium and plutonium). The elements can be reprocessed and loaded once again as fuel. Overall, the nuclear fuel cycle is a practical way to secure stable energy for Japan, a resource-poor country.



Reference: "Graphical Flip-chart of Nuclear and Energy Related Topics 2015," Federation of Electric Power Companies of Japan, other sources

Recyclable Fuel Storage Center

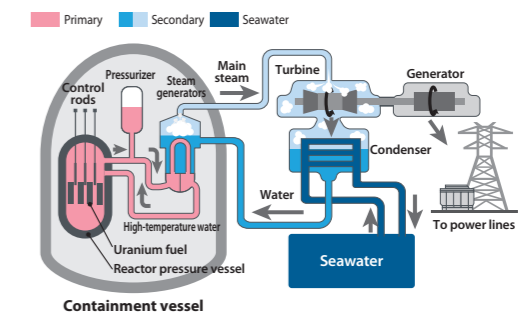
Because spent fuel can be reprocessed and used again, it is called "recyclable fuel." Until recyclable fuel is reprocessed, we temporarily store it (interim storage) in a recyclable fuel storage center, which is an interim storage facility. By adjusting the time until reprocessing, we enable the stable operation of power plants into the future while advancing the nuclear fuel cycle. Our company prepared a "Plan to promote measures for spent fuel" in 2015, and we are working as a unified company on efforts toward obtaining sites and promoting understanding about the necessity and safety of it widely among the public in power consuming areas.



Initiatives prioritizing safety at nuclear power plants

Nuclear power generation

Nuclear power generation uses the heat energy of uranium fission to create steam. The steam drives turbines that generate electricity.



Enhancing nuclear power safety and reliability

Kansai Electric Power is carrying out a variety of measures to minimize risk and ensure sufficient safety at its nuclear power plants.

Ensuring nuclear power plant safety

Nuclear power plants are designed to include multiple safety systems to prevent a malfunction or human error from resulting in an accident, premised on the fact that machines break down and human beings make mistakes. In the unlikely event of a malfunction occurring, multiple safety functions come into action: detection of abnormalities at an early stage; automatic shutdown of the nuclear reactor; cooling of the fuel with cooling water; and containment of radioactive materials. In addition, based on a defense-in-depth policy, and naturally in compliance with the new regulatory requirements issued by the Japanese government in the wake of the accident at TEPCO's Fukushima Daiichi Nuclear Power Station in March 2011, Kansai Electric Power is taking safety measures to cope with a "severe accident" and other measures that go beyond the existing regulatory framework. We conduct inspections of and carefully monitor all facilities, carry out training as before, and run regular drills to practice responding to severe accidents. In these ways we strive to further enhance the safety and reliability of nuclear power generation.

Strict radiation control

To monitor the effects of radioactive substances on the surrounding environment, multiple monitoring stations and monitoring posts are located around each plant. Atmospheric radiation levels are monitored around the clock, and the data can be accessed on our website and elsewhere. In addition, Kansai Electric Power regularly samples soil, river water, seawater, agricultural products, and marine products in the vicinity of its nuclear power plants, and tests the levels of radioactive substances contained to monitor impact on the environment.



1 Safe and Stable Delivery of Products and Services As Chosen by Customers

## Striving for business operations that further prioritize safety

### Efforts to prevent recurrence of the Mihama Nuclear Power Station Unit 3 accident

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. Moreover, making every August 9th our "Safety Vow Day," every employee observes a moment of silence and reviews their CSR Conduct Cards on which they have written their own safe conduct oaths. Through these and other efforts, 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.



The president and others renew vows of safety and observe a moment of silence before a stone memorial

Safety Vow Memorial made of stone erected on-site at the Mihama Nuclear Power Station

### Fostering an unshakable group-wide safety culture

Based on the lessons from the Mihama Nuclear Power Station Unit 3 accident, we are continuing safety efforts that put preserving the safety of every person involved in the business activities of our company first. We share a strong belief that "we will not allow misfortune to occur to the colleagues who work with us or their families." This includes our partners and the staff of subcontractors. We are striving to cultivate a culture that prioritizes the assurance of safety and to practice safe conduct.

Safety first is set as a management criterion in our Management Philosophy. In addition, we aim to make "our beliefs about safety" and our Safe Action Declaration in the Kansai Electric Power Group Safe Action Charter\* further permeate the

group. We also convey the details of these principles to our subcontractors and deepen information sharing and communication. By doing these and other things, we are working to cultivate a group-wide safety culture that never wavers.

\* For details, refer to page 82.



Undertaking a safety activity in unity with a subcontractor

### Promoting efforts to further increase 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 ideals about nuclear power safety, as a company proclamation that is one of our most important company rules.

Based on this philosophy, we are working to further enhance voluntary sustained efforts to increase the safety of nuclear power generation.

#### Commitment to Enhancing Nuclear Safety

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

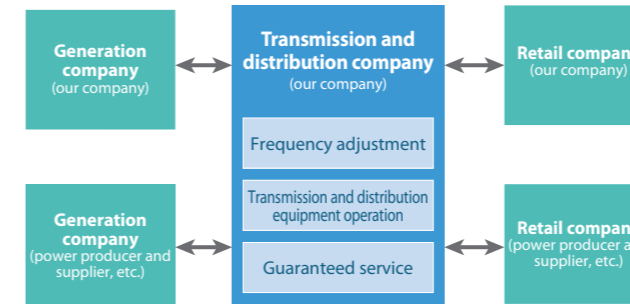
## Maintaining power supplies with the invariable safety and stability after the full liberalization of the retail electricity sales

### Preserving the quality of electricity in the new energy era

Every customer has been able to choose among power companies freely since April 2016. Along with the full liberalization of the retail electricity sales, we have positioned our corporate businesses into three categories—generation, transmission and distribution, and retail—that will continue to fulfill individual roles.

In order to assure stable supply from a neutral and fair stance, our transmission and distribution business will maintain the supply and demand balance for entire areas, construct and maintain transmission and distribution equipment and provide guaranteed\* service.

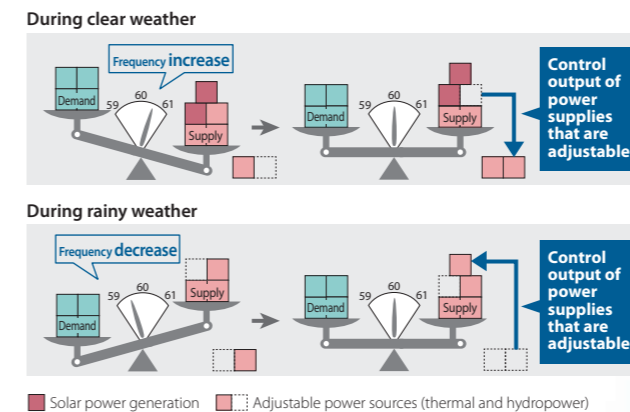
\* This service offered by ordinary transmission and distribution businesses is always provided for users who are unable to establish a supply contract with any retailer due to, for example, their withdrawal from the market.



### Maintaining electric power quality by adjusting supply and demand balances

We are working for the stable supply of power by adjusting the amount of power generated not only in response to fluctuations in the amount of power used by our customers but also in response to fluctuations in the amount of power used in the Kansai area.

In recent years, the incorporation of power generation from renewable energy sources has been progressing in Japan. The amounts generated from solar and wind power vary greatly over short periods of time due to weather changes. For this reason, along with actively contributing to the incorporation of power generation from renewable energy sources, we are working to maintain power supply and demand balances, voltages and frequencies by precisely adjusting the amounts of power generated by thermal power and pumped-storage hydropower plants, for example.



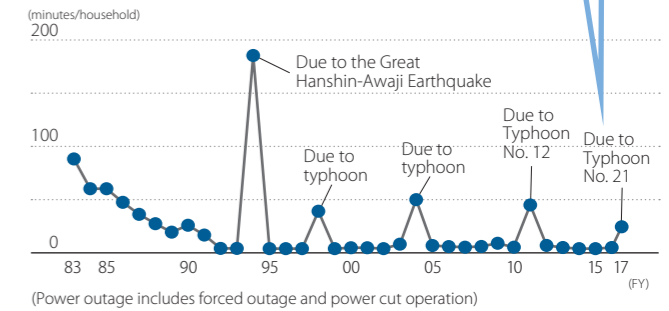
### To provide high-quality electric power

Kansai Electric Power works to operate power grids that provide a reliable link between power plants and consumers and optimize the configuration of facilities. We are also making thorough efforts to prevent failure recurrence. As a result of our efforts, we are maintaining one of the world's highest power quality levels in the transmission and distribution business.

We continue to develop new technologies and introduce new construction methods for the purpose of preventing failures and for swift recovery in the event an accident does occur. Equally important, systematic renovation is in progress for aging facilities.

Fiscal 2017 power outage time  
**15 minutes**

#### Annual duration of power outage per household



### Training the personnel who support safe and stable supply functions

Systematic drills are carried out on a continuous basis to train individuals and provide necessary specialized skills. Additionally, to properly preserve and pass on these techniques and technical skills throughout the Group we have a system in place that certifies as specialist technicians those individuals who have advanced technical capabilities and who demonstrate leadership. We have also introduced a system for ascertaining the technical capabilities of individuals, along with various other measures.

Specialist technicians with specialized skills  
**211 people**  
Individuals with high levels of technical ability and outstanding leadership qualities are selected and recognized (As of the end of May 2018)





**1 Safe and Stable Delivery of Products and Services As Chosen by Customers**

**Preventing electrical accidents**

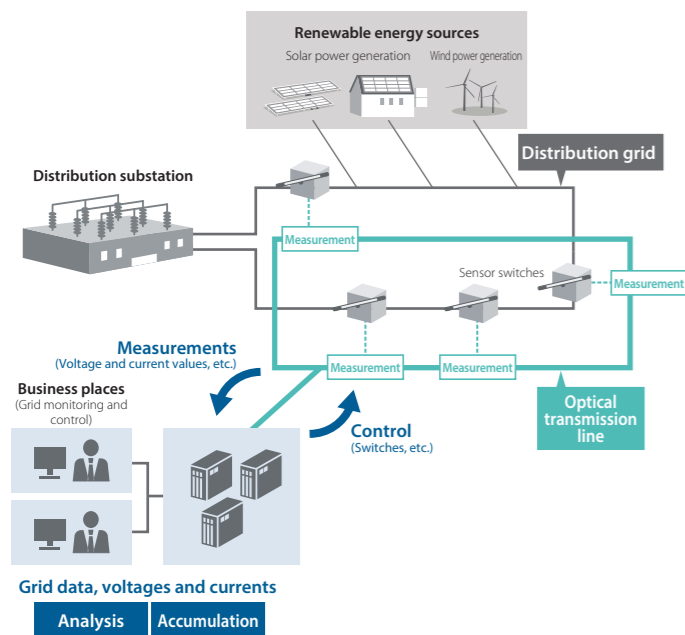
If something approaches, touches or damages one of our electrical facilities, including transmission and distribution equipment, injury due to electric shock, wide-area power outages and other serious impacts on society could occur.

In order to prevent such electrical accidents, we provide information about things that construction companies should be aware of during construction and that customers should keep in mind during daily life, for example, on our website and through various public relations activities.

**Enhancement of monitoring and control of power distribution grids using optical transmission lines**

The interconnecting of large amounts of renewable energy sources has made understanding the status of distribution grids important. For this reason, we are advancing the development of an optical transmission system capable of high-speed high-capacity communications in our automated power distribution system that monitors and controls the distribution grid. This will enable us to rapidly gather measurement data from sensor switches and other equipment and to accurately grasp the status of the distribution grid, including voltage fluctuations and reverse current flows, in real-time. Through optical transmission lines, voltages, current waveforms and measurement data with cycles as short as one second can be collected, contributing to the advancement of monitoring and control. Moreover, by accumulating and analyzing the collected data, we seek to increase the precision of load identification in the distribution grid. As we advance efforts toward optimizing facilities and improving usage rates, we will keep contributing to the stable supply of power even in an age with large amounts of interconnected renewable energy sources.

**Next-generation dispatching and control system**



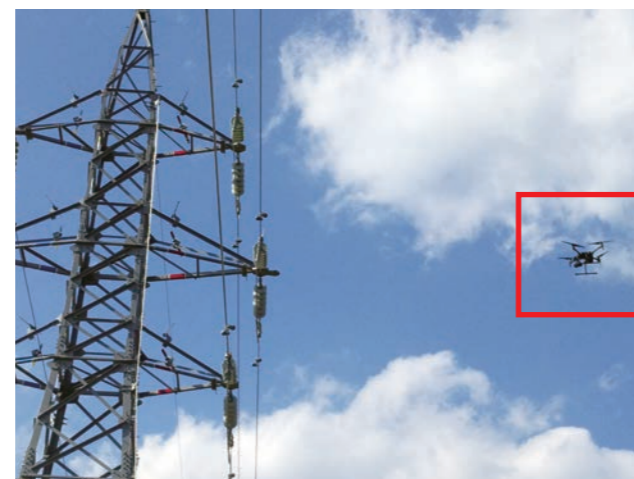
**Reliable handling of aging facilities with the goal of stable power supplies**

Since facilities that were constructed during the period of rapid economic growth are reaching advanced ages, we are handling them with certainty by systematically replacing them. The replacement of 500 kV transformers that we are undertaking at the Shigi Transformer Substation is one example of this. In undertaking the construction work, we have achieved shorter power outage periods by using new construction methods. In these ways, we are advancing the handling of aging facilities as we seek to maintain safety as the highest priority and stable power supplies.



**Facility maintenance using advanced technologies**

Many overhead power lines facilities are installed in mountainous regions, so when, for example, electrical accidents occur due to typhoons and lightning strikes, we would check on these facilities by traveling on foot around peaks and valleys. By using drones for some tasks including inspections of transmission line accidents, equipment abnormalities can be detected more quickly, enabling early recovery from accidents. Moreover, we are investigating whether or not facility maintenance can be made more efficient and advanced by using drones for facility inspections and other tasks beside transmission line accidents.



**Preparing for a natural disaster**

**Preparing for a major disaster**

Based on our mission of providing stable electric power, Kansai Electric Power promotes disaster mitigation initiatives that will strengthen facilities to withstand disaster. We have also put in place a disaster control system to enable rapid recovery from various kinds of natural disasters. In the event of Nankai Trough Earthquake, we will follow the basic plan for mitigating disaster announced by the Japanese government and take disaster response and recovery measures.

**Strengthening the disaster response system**

We are enhancing our response systems to prepare for rapid initial response to the occurrence of disasters. This includes the designation of individuals who would arrive at the workplace early and night watches by supervisors, along with the implementation of trainings focused on initial response several times a year. We are also seeking to improve employee skills in responding to disasters and increasing their awareness about disaster preparation. We implement annual companywide comprehensive disaster response trainings with a structure that incorporates the entire company and has the president as its chief. We do these things not only to prepare for the occurrence of earthquakes but also considering cases with severe conditions such as the occurrence of a nuclear power disaster at the same time or occasions when the balance of power supply and demand is tight.



**Number of participants in corporatewide comprehensive emergency response drills**  
**847**  
Corporatewide comprehensive emergency response drills (fiscal 2017)

**Strengthening collaborative ties with disaster response entities**

If a large-scale wide-area disaster should occur, there are limits to what our company alone could do to respond. For this reason, we also cooperate with governments, police, fire departments and other concerned external organizations as well as other power companies and do everything that we can to restore power as quickly as possible. In order to enable smooth mutual cooperation during times of emergency, we are working to build face-to-face

**Agreement made with West Nippon Expressway Company Limited for mutual cooperation during times of disaster**

On January 31, 2018, we made a formal agreement, which is the first of its kind for a private enterprise, between our company and West Nippon Expressway Company Limited (hereafter, "NEXCO West") for mutual cooperation during times of disaster.

As shown in the illustration to the right, we will be able to undertake rapid restoration efforts in areas that have suffered damage through mutual cooperation between our company and NEXCO West at times of disasters.

In addition to continuing to strengthen systems of mutual coordination and cooperation with concerned organizations, we will undertake safe and rapid power restoration when disasters occur, contributing to local communities by assisting restoration and recovery from disasters.

relationships with these groups at ordinary times. In addition to actively participating in the disaster trainings of local governments, we have made agreements for mutual cooperation with Ground Self-Defense Forces and Maritime Self-Defense Forces, and we are holding related meetings and trainings at least once a year. Moreover, we enter formal agreements with some local governments and outside organizations as necessary.

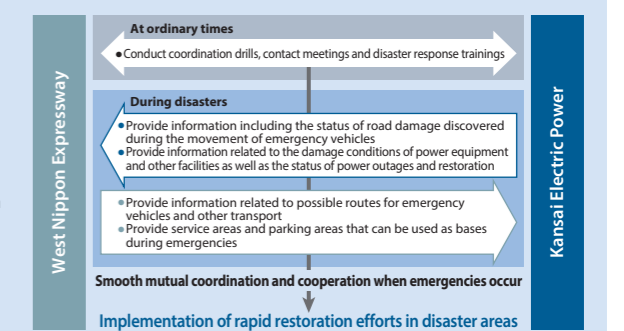
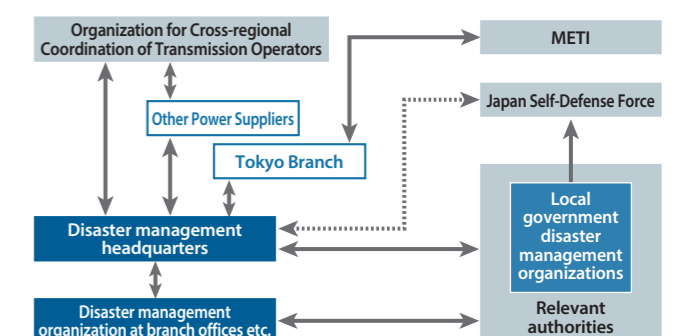


Training to load high-voltage generator vehicles on Maritime Self-Defense Force air-cushioned landing craft and to unload and drive them on a sandy beach.

**Preparation for disasters does not change even in a new business environment**

With the full liberalization of the retail market for power, numerous companies are entering the electricity business. As a result, power recovery measures once handled by Kansai Electric Power alone will be carried out by multiple suppliers. We will continue to work to provide stable power supplies considering also the legal unbundling of the transmission and distribution sector. In order to do so, we are seeking to cooperate actively with others, including the Organization for Cross-regional Coordination of Transmission Operators and new businesses.

**Emergency system for communicating with relevant authorities**





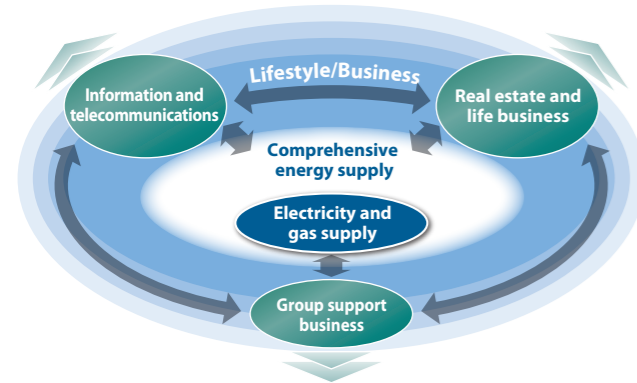
**1 Safe and Stable Delivery of Products and Services As Chosen by Customers**

## Providing services as a consolidated group

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

Our corporate 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, real estate and business for daily life. We will continue to offer comfortable and convenient services that are mainly related to our comprehensive energy business. In addition, we provide services from our corporate group companies and other companies that have alliances with us to lead customers to choose our group, to realize further growth in the new energy era and to become “the best partner in daily life and in business.”

#### Business areas for strong growth



### Services for residential customers

Since April 2017, we have begun providing “Kanden Gas” and we have lowered electricity rates two times. Since February 2018, we have started to offer “Nattoku Packs” that combine our electric and gas services to encourage more and more customers to choose both our electricity and gas. In addition, we are offering a variety of services that support daily life, including our “Kaketsuke Electricity Service” and “Hapi e-Kurashi Support.” As a comprehensive energy company that is offering both electricity and gas, we will keep making efforts to lead customers to choose our group for both price and service.

(See page 47 for details about each type of lifestyle support service and page 23 for details about Kanden Gas.)

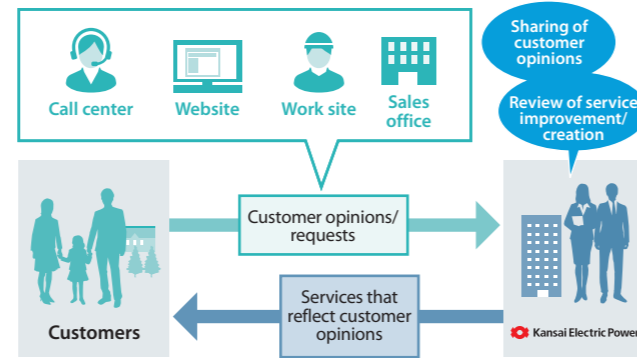
**Number of improved cases based on customer feedback**

# 101

We are currently discussing improvement ideas for 52 cases as of the end of March 2018

### Service improvement and service creation to reflect the opinions of customers

We work to improve and create services in response to requests received from customers through our call center, website, etc.



#### Examples of improved services that reflect customers' ideas and requests

**Example of service improvement**

**Customers want more extensive services that support daily life**

We are adding new services on Hapi e-Miruden and Hapi e-Point programs one after another!

**はぴえみるでん Hapi e-Miruden**  
**Support for Amazon Alexa**  
 Linking Hapi e-Miruden has made it possible for users to check electricity and gas rates as well as point balances through audio.

**はぴえみるでん Hapi e-Miruden**  
**Started cooperation with Repohappy**  
 This service that delivers private invitations from popular shops can now be used.

**はぴえポイント Hapi e-Point**  
**Started exchange with “local government points”**  
 Hapi e-Points can now be exchanged for local government points.

#### Customer satisfaction survey

We are conducting “customer satisfaction surveys” to gather customer opinions about our staff’s activities when they visit customer homes and their impressions of call center staff. We are receiving high evaluations from customers, especially for our “Kaketsuke Service” that dispatches electrical professionals when customers have troubles such as unexpected lights at home going out unexpectedly. We will continue striving to deliver electricity, comfort and safety.

# 96.4%

of the customers who used our Kaketsuke Service were satisfied

### Create new services and value that meet customer needs

At K-Opticom Corporation, we are providing services that are attractive to customers. In addition to the “eo Hikari net,” “eo Hikari denwa” and “eo Hikari terebi” fiber to the home (FTTH) services for network, telephone and television, which utilize our own optical fiber network that has high speed and reliability, we offer “mineo” mobile phone services and, since April 2016, “eo Denki” electricity services.

Moreover, since April 2017, taking the beginning of the full liberalization of the retail market as an opportunity, K-Opticom has been offering the Kanden Gas “Nattoku Plan” and “eo Denki,” which are provided by our company, as a set for customers who are already using “eo Hikari.”

We will continue meeting the needs of our customers by providing new services and value through collaborations with other companies and different industries, for example.



K-Opticom Corporation service brands

### Lifestyle services with the confidence of our customers as the foundation

With quality is our top priority, we deliver lifestyle-related services to household customers. These services provide peace of mind, comfort and convenience and are deeply connected to their lives. In this way, our individual companies seek to increase their earnings and to make our corporate group the one that our customers trust and choose as the “best partner for their lifestyles.” Among these services, considering the arrival of a society in which the average age is extremely high, in order to further enhance the service range and contents of services related to caregiving, our company and KANDEN Security of Society, Inc. (KANDEN SOS) purchased all the shares of Keihan Life Support Co., Ltd. in April 2017, making it a consolidated subsidiary company. (In July the same year, the firm name was changed to Kanden Life Support Co., Ltd.)

In the future, employing the comprehensive abilities of our corporate group, we will support the realization of peace of mind, comfort and convenience in customer lifestyles even more than before. For example, we will provide high-quality caregiving services to customers in the Kyoto-Osaka-Kobe region through a two-company structure with Kanden Joy Life Co., Ltd., which is a caregiving business company in our corporate group. At the same time, by working cooperatively with KANDEN SOS, which is a home security business company, we will investigate developing security services for the elderly and other new services.



### Services for corporate customers

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

#### Examples of adopting utility services

Kintetsu Real Estate Co., Ltd. adopted the utility services of Kanden Energy Solution Co., Inc. (Kenes) for the Abeno Harukas super-high rise multifunction building, which stands 300 m above ground and had its grand opening in March 2014.

Expert energy technicians from Kenes are stationed at the building around-the-clock, managing facilities with different energy quality demands, including a department store, offices, a hotel and a museum. Moreover, we are continuously realizing energy, cost and CO<sub>2</sub> reductions by monitoring energy use conditions in real time and utilizing the collected data in operation and maintenance. In this way, we have been told that customers are able to focus their business resources, including essential personnel, on their primary businesses by entrusting work related to energy management to Kenes.

#### Examples of adopting utility services

Examples of services for corporate customers	
<b>Electricity Usage Notification Service</b> (Kansai Electric Power Company)	In addition to making it possible to see electricity use conditions on a website, we also distribute information and email newsletters that help customers solve problems.
<b>Utility Service</b> (Kanden Energy Solution Co., Inc.)	This service enables customers to outsource facility management and even makes initial financing unnecessary for them by providing comprehensive services from fund-raising and design to installation and maintenance administration for utility facilities related to energy, including power receiving equipment, air-conditioning and heating equipment and boilers.
<b>Assistive vehicle leasing service</b> (The Kanden L & A Co., Ltd.)	We provide total support for assistive vehicles, including leasing, sales, repair and upgrading.
<b>Business place security</b> (KANDEN Security of Society, Inc.)	This service preserves customer safety 24 hours a day 365 days a year by rapidly detecting abnormalities, including intruders and fires, and rushing staff to the site.
<b>Comprehensive building management</b> (Kanden Facilities Co., Ltd.)	These services provide facility environments that are safe and secure and contribute to increasing property values through, for example, the daily maintenance management and cleaning of buildings and facilities, security, environmental hygiene and energy management.

The group companies that provide the services are indicated inside parentheses.



Inspecting the utility facilities of the Abeno Harukas building





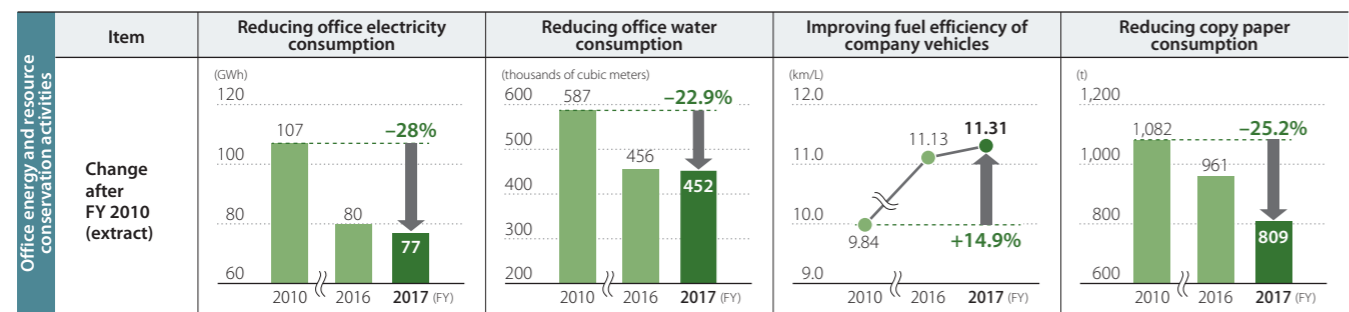


2 Proactive Approach with a View to Creating Ever Better Environment

Eco Action (annual targets and results)

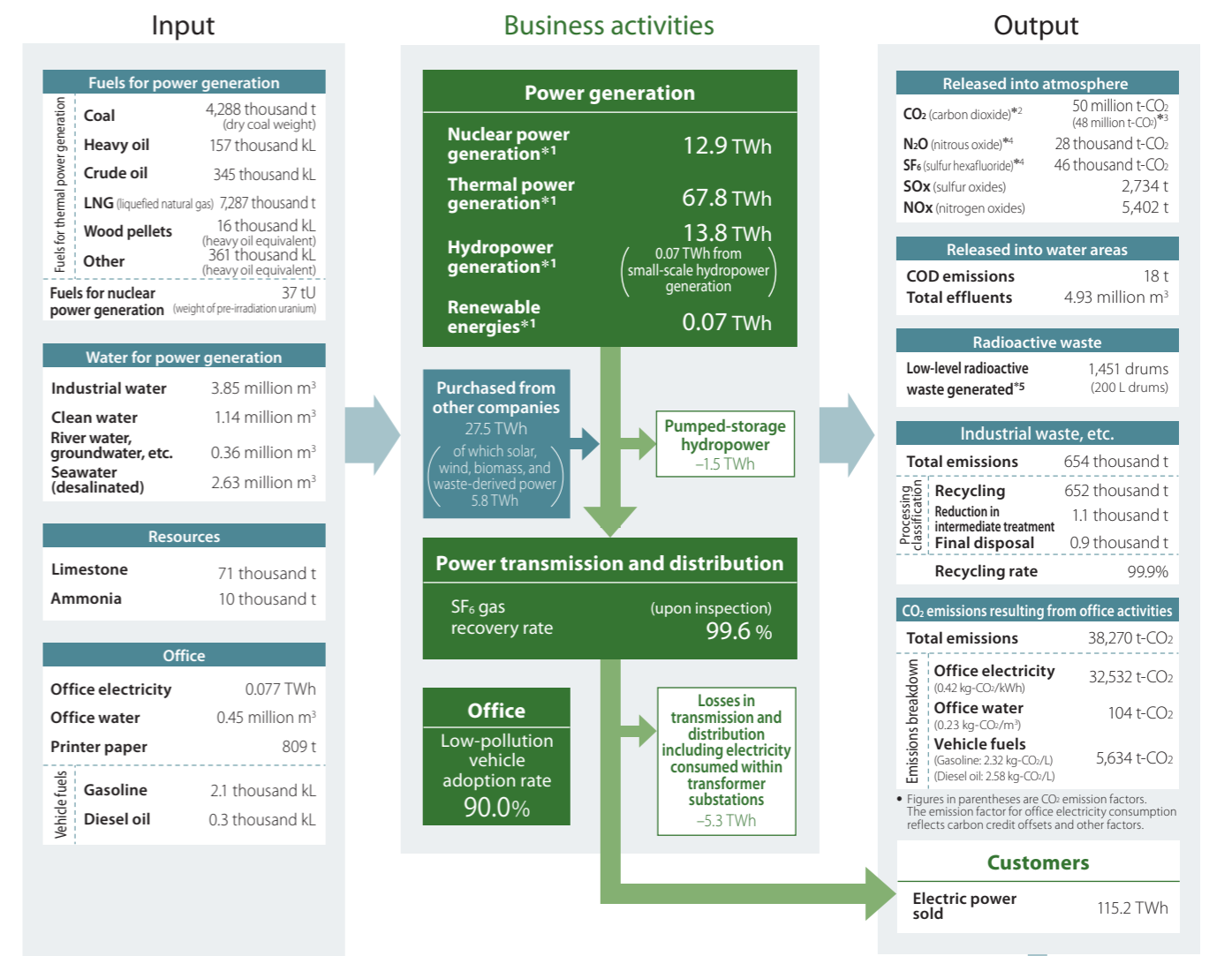
Self-evaluation key ○: Target achieved △: Mostly achieved ×: Not achieved -: No evaluation

Item	Targets	FY 2017 results	Self-evaluation	Future efforts	Related page
<b>Initiatives contributing to the realization of a low-carbon society</b>					
<b>Advancement of efforts to control CO<sub>2</sub> emissions</b>	About 0.37 kg-CO <sub>2</sub> /kWh*1 for the entire electric power business by fiscal 2030	Electric Power Council for a Low Carbon Society (FY 2016): 0.516 kg-CO <sub>2</sub> /kWh*1	-	● In addition to making efforts for the operation of nuclear power plants with safety as the first priority, the maintenance and improvement of the thermal efficiency of thermal power plants, and the development and popularization of renewable energies, lead efforts to reduce carbon intensity in the energy field by promoting a higher ratio of electricity use in society as a whole.	51
		Our company (FY 2017) 0.418 kg-CO <sub>2</sub> /kWh*1,*2			52
					53
<b>Operating nuclear power plants that make safety the top priority</b>	Advance efforts to operate nuclear power plants that make safety the top priority	We worked for the safe and stable operation of plants that had resumed operating. We implemented safety improvement measures that conform to new regulatory requirements and independently and continuously advanced various other safety measures.	○	● Work for the safe and stable operation of plants that have resumed operating. ● Continue to implement safety improvement measures that conform to new regulatory requirements and independently and continuously advance various other safety measures.	51 52
<b>Maintaining and improving the thermal efficiency of thermal power plants (lower heating value base)</b>	Maintain and improve thermal efficiency	Thermal efficiency 48.3%	○	● Steadily maintain and improve thermal efficiency through appropriate facility management and highly-efficient facility operation.	52
<b>Making efforts for renewable energy development</b>	Development and promotion of renewable energy (Development goal: about 500,000 kW by 2030)	● Renewable energy development: 1 location, 500 kW*3 (Cumulative total: 107,934 kW, progress rate: about 22%)	○	● Contribute to the promotion and increase of renewable energy sources through active efforts for their development and by steadily enabling their incorporation into power grids	52
		● Renewable energy purchased: 5.85 TWh			53
<b>Promoting use of innovative forms of energy among customers and communities</b>	Contribute to making energy use by customers and society more sophisticated	We worked to promote devices and services that contribute to making energy use by customers and society more sophisticated. ● Smart meters deployed: 1.82 million/year (Cumulative total: 9.32 million, progress rate: about 72%) ● Number of Hapi e-Miruden subscribers: about 1.96 million/year (Cumulative total: about 3.988 million)	○	● Promote the adoption of smart meters and share information that contributes to reducing energy, costs and CO <sub>2</sub> in order to contribute to increasing customer energy conservation awareness and meet a wide range of needs.	54
					55
<b>Contribute to the realization of low carbon societies through overseas power generation businesses*4</b>	Increase low carbon power supplies through overseas power generation businesses	● Hydroelectric power cases: 2*5 ● Renewable energy cases: 1*6 ● Developing country support efforts under GSEP*7 framework: 2	-	● Continue to contribute to the realization of low carbon societies by steadily advancing hydroelectric power projects and investigating participation in renewable energy projects overseas. Continue to support efforts for developing countries under the GSEP framework.	56
<b>Limiting SF<sub>6</sub> emissions (calendar year basis) (gas recovery rate upon inspection/removal of equipment)</b>	97% (upon inspection) 99% (upon removal)	99.6% (upon inspection) 99.3% (upon removal)	○	● Implement steady SF <sub>6</sub> gas recovery through the appropriate operation of recovery equipment, etc.	-
<b>Initiatives contributing to the realization of a recycling-oriented society</b>					
<b>Maintaining industrial waste recycling rate</b>	99.5%	99.9%	○	● Toward the goal of achieving zero emissions, advance efforts related to maintaining the industrial waste recycling rate, for example.	57
<b>Proper processing of PCB wastes</b>	Process the entire amount within the legal time limit	Amount of high-concentration PCB processed: 239 units*8 (Cumulative total: 5,073 units, progress rate: about 96%)	○	● Process the entire amount reliably and safely within the legal time limit based on appropriate management of PCB waste.	57
<b>Promotion of environmental protection in local communities</b>					
<b>Maintaining sulfur oxide (SO<sub>x</sub>) and nitrogen oxide (NO<sub>x</sub>) emission factors</b>	SO <sub>x</sub>	Overall: 0.028 g/kWh Thermal: 0.039 g/kWh Overall: 0.055 g/kWh Thermal: 0.077 g/kWh	○	● Seek to maintain one of the world's lowest emission levels (emission factors) through the appropriate operation of sulfur scrubbers and nitrogen scrubbers, etc.	58
	NO <sub>x</sub>				



\*1 Amount of CO<sub>2</sub> emissions per unit of electricity use (sales)  
 \*2 This value is provisional. Based on the Act on Promotion of Global Warming Countermeasures and other factors, the actual value of the CO<sub>2</sub> emission factor will be officially announced by the country.  
 \*3 Kurobegawa No. 2 Hydropower Plant 1 (500 kW, began operation in May)  
 \*4 Added from fiscal 2018 plan  
 \*5 Rajamandala Hydroelectric Power Project in Indonesia (47 MW), Nam Ngiep 1 Hydropower Project in Laos (291 MW)  
 \*6 Wind power generation project in Ireland (178 MW)  
 \*7 Global Sustainable Electricity Partnership  
 \*8 Number of high-voltage transformers, condensers and other electrical equipment that were subcontracted to the Japan Environmental Storage & Safety Corporation (JESCO).

Status overview of our business activities and environmental load (FY 2017)



Note 1: This table contains non-consolidated figures for Kansai Electric Power Co., Inc. only.  
 Note 2: Totals may not sum due to rounding.  
 Note 3: Thermal power generation figures do not include biomass power generation.

\*1 Includes amounts of power for inside power plants  
 \*2 Includes CO<sub>2</sub> originating from electricity purchased from other electric power companies  
 \*3 Emissions taking carbon credits into account  
 \*4 CO<sub>2</sub> conversion  
 \*5 Net generation (generated amount - reduced amount)

<b>Environmental efficiency (FY 1990 = 100)</b>	Electric power sold	..... 146	Electric power sold	..... 85
	Composite index*		CO <sub>2</sub> emissions	

\* Composite index =  $\frac{\text{Environmental load caused by CO}_2, \text{SO}_x, \text{NO}_x, \text{and landfill disposal of industrial waste}}{\text{Resources consumed (Oil, coal, LNG)}}$   
 • In calculations starting in FY 2007, we are using the LIME2 integrated coefficient developed by the National Institute of Advanced Industrial Science and Technology.  
 • The amount of CO<sub>2</sub> emissions shown takes carbon credits into account.

Eco Action: Kansai Electric Power Group Company Concrete Action Plans

Item	FY 2016 results*	FY 2017		Evaluation (Reasons for increase/reduction)
		Targets	Results*	
<b>Reducing office electricity consumption</b>	60.5 GWh	Reduce as much as possible	62.1 GWh (2.7% increase)	At every company, we made efforts to conserve energy in offices, but the total amount used grew over the previous fiscal year due to office expansion, increased operation of factories and equipment, growth of work volume and other factors.
<b>Reducing office water consumption</b>	248,400 m <sup>3</sup>	Reduce as much as possible	246,400 m <sup>3</sup> (0.8% reduction)	Even though some companies had increased usage due to greater use for melting snow in the winter, for example, we were able to reduce the amount of use from the previous fiscal year thanks to efforts at every company to conserve water in offices.
<b>Improving fuel efficiency of company vehicles</b>	9.26 km/L	Increase as much as possible	9.38 km/L (1.4% increase)	Our fuel efficiency improved compared to the previous fiscal year because each company has strictly enforced the practices of "eco" driving and stopping the engine when idling, as well as adopted vehicles with high fuel economy, for example.
<b>Reducing printer paper consumption</b>	902.6 t	Reduce as much as possible	867.8 t (3.9% reduction)	Even though some companies used more because their work volume increased, the amount decreased compared to the previous fiscal year as a result of thorough efforts at each company, including the use of double-sided copies and other paper reduction efforts.

\* The calculation of results covers 42 companies in FY 2016 and FY 2017. Parentheses ( ) show comparisons with the previous fiscal year.



2 Proactive Approach with a View to Creating Ever Better Environment

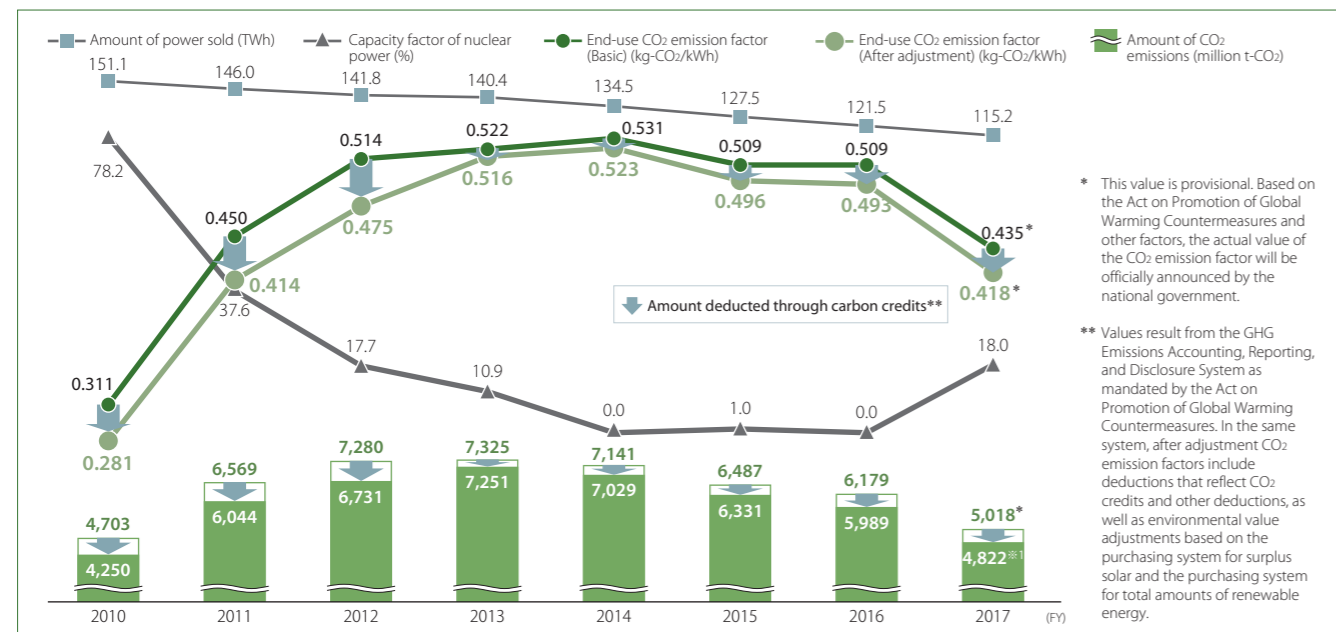
## Initiatives contributing to the realization of a low-carbon society

### Efforts to reduce CO<sub>2</sub> emissions

Our company joined the Electric Power Council for a Low Carbon Society, and the industry as a whole is seeking to achieve an emission factor of about 0.37 kg-CO<sub>2</sub>/kWh (user-end) by fiscal 2030. We will continue to advance efforts to suppress CO<sub>2</sub> emissions, including the utilization of nuclear power generation with the most emphasis on safety, the maintenance and improvement of the thermal efficiency of thermal power plants, and the development of renewable energies. In addition, with a long-term perspective, we will contribute to the realization of a low carbon society by promoting electrification in society.

Our CO<sub>2</sub> emission factor for fiscal 2017 was about 0.42 kg-CO<sub>2</sub>/kWh\* (after adjustment), and we expect great improvement compared to the previous fiscal year. Main factors that we can give are our efforts toward carbon reduction through increased utilization rates for nuclear power, hydroelectric power and, at our Himeji No. 2 Power Station, high-efficiency natural gas power generation facilities.

#### Changes in CO<sub>2</sub> emission factor, etc.



### Effect of nuclear power generation on CO<sub>2</sub> emission reduction

Nuclear power can greatly contribute to CO<sub>2</sub> emission reduction because it does not emit CO<sub>2</sub> during the generation unlike fuel power which uses fossil fuels such as coal, oil and natural gas.

After the Great East Japan Earthquake (in fiscal 2010), the amount of CO<sub>2</sub> emission and CO<sub>2</sub> emission factor of our company increased significantly due to the increased fuel power generation caused by drastic decline of the capacity factor of nuclear power. CO<sub>2</sub> emission factor has a strong correlation with the capacity factor of nuclear power, which means that CO<sub>2</sub> emission factor increases when capacity factor of nuclear power decreases.

In fiscal 2017, the CO<sub>2</sub> emission factor decreased compared to fiscal 2016 with the resumption of nuclear power plant operation. This indicates how great the effectiveness of nuclear power generation is.

We believe that nuclear power generation putting the most emphasis on safety will continue to be an extremely important from the point of view of energy security, economy, and

environment including global warming.

#### Comparisons with values before the Great East Japan Earthquake

	FY 2010	FY 2016	FY 2017
Ratio of nuclear power generation (%)	78.2	0.0	18.0
Amount of power from thermal power generation (TWh)	76.6	114.4	89.6
CO <sub>2</sub> emissions (after adjustment) (10,000 t-CO <sub>2</sub> units)	4,250	5,989	4,822
CO <sub>2</sub> emission factor (after adjustment) (kg-CO <sub>2</sub> /kWh)	0.281	0.493	0.418*

\* This value is provisional. Based on the Act on Promotion of Global Warming Countermeasures and other factors, the actual value of the CO<sub>2</sub> emission factor will be officially announced by the national government.

### Lowering electric power's carbon intensity

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

#### Nuclear power generation prioritizing safety

Since nuclear power generation emits no CO<sub>2</sub>, it is an important source of energy that prevents global warming. With understanding of residents of local communities, we continue the safe and stable operation of plants that have resumed operation and restart plants as soon as the safety is confirmed by appropriately responding to examinations of the Nuclear Regulation Authority. We will also keep independently and continuously promoting safety measures that exceed regulatory requirements.

#### Maintaining and improving the thermal efficiency of thermal power plants and further increasing natural gas use

We continuously undertake measures related to facilities and operation, working to reduce the amount of fuel used and suppress the amount of CO<sub>2</sub> emissions by maintaining and increasing thermal efficiency.

We undertook to convert the Himeji No. 2 Power Station, one of our largest natural gas-fired thermal power plants, to a combined-cycle power plant\* with advanced 1,600°C class gas turbines. We are working to suppress the amount of CO<sub>2</sub> emissions by increasing thermal efficiency to about 60%, which is the highest global standard, and reducing the amount of fuel used.

Moreover, at Units 1 and 3 of the Aoi Power Station, in addition to the heavy oil and crude oil we had been using thus far, we began using natural gas, which is less expensive and better for the environment. Unit 1 began in May and Unit 2 began in August 2016.

\* Combined cycle power generation: Power is generated by using both gas turbines and steam turbines capturing exhaust heat from the gas turbine with high thermal efficiency.

#### Development and promotion of renewable energy

Like nuclear power, renewable forms of energy such as hydropower, solar power, and wind power emit no CO<sub>2</sub> when generating power, making them effective energy sources for preventing global warming. As a unified group, we are accelerating efforts toward the target of incorporating 500,000 kW of renewable energy in Japan by 2030.

We have been working to increase the output of existing hydropower plants and to develop power generation using renewable energy sources, including land-based wind, solar and biomass. As of March 2018, we had announced the start of operation for about 110,000 kW of generation capacity. We will continue to work for the development of diverse renewable energy sources, including offshore wind farms and geothermal power plants with a broad view that includes all of Japan as well

as overseas locations.

On the other hand, solar and wind power generation are easily affected by the weather, and power generated in excess of demand can have an effect on the quality of electricity. Furthermore, power generation costs become high because energy densities and usage rates of power generation facilities are low. We are working to overcome these issues related to supply stability and generation costs and seeking to expand the utilization of renewable energy sources. We will continue advancing carbon intensity reduction for electricity further by utilizing various energy sources in a well-balanced manner.

#### Solar power development

In June 2018, Kanden Energy Solution Co., Inc. (Kenes) began operation of the Ako Nishihama Solar Power Station (1,990 kW output) in Ako City, Hyogo Prefecture. Our corporate group has solar power generation plants in a total of ten locations. They effectively reduce CO<sub>2</sub> emissions by a total of about 27,000 tonnes per year.



Ako Nishihama Solar Power Station

Solar power stations (10 locations)  
Reduction in CO<sub>2</sub> emissions  
About 27,000 tonnes/year

#### Development of hydropower plants

At our existing hydropower plants, we are systematically updating facilities by replacing water turbines and generators with ones that have better generation efficiency as we seek to increase maximum outputs and generated power quantities. At the Kurobegawa No. 2 Hydropower Plant in Kurobe City, Toyama Prefecture, we upgraded the facilities of water turbine generator unit 1 in May 2017, increasing maximum output from 72,000 kW to 72,500 kW. The ten hydropower generation cases\* that are subjects of our corporate development goals account for a CO<sub>2</sub> emission reduction of about 19,000 tonnes per year.

\* These cases are from among those since November 2012 that had begun operation by the end of fiscal 2017.



Kurobegawa No. 2 Hydropower Plant

Hydropower plants (10 cases)  
Reduction in CO<sub>2</sub> emissions  
About 19,000 tonnes/year



**2 Proactive Approach with a View to Creating Ever Better Environment**

**Wind power development**

In the city of Tahara, Aichi Prefecture, Kenes' Tahara No. 4 Wind Power Station (6,000 kW [2,000 kW x 3 units]) has been in continuous operation since May 2014. Together with the Awaji Wind Power Station (12,000 kW), our Group operates wind power stations in two locations, which reduce our CO<sub>2</sub> emissions by about 18,000 tonnes/year in total.



Tahara No. 4 Wind Power Station

Wind power station (2 locations)  
Reduction in CO<sub>2</sub> emissions  
About **18,000**  
tonnes/year

**Development of biomass power generation**

In December 2016, Kenes began operation of the Asago Biomass Power Plant (5,600 kW output) in Asago City, Hyogo Prefecture. This plant generates power using the biomass of domestic unused wood as a fuel. With the cooperation of the Hyogo Forest

Public Service Corporation, the Hyogo Prefectural Federation of Forest Owners Cooperative Associations manufactures the fuel chips and Kenes generates power from these chips. This business scheme conducted with cooperation between government and private interests is the first of its kind in Japan.

In addition, we are planning the construction of a biomass power plant (75,000 kW output) that utilizes materials from overseas in order to advance a biomass power generation project in the town of Kanda in Miyako, Fukuoka. With the intention to start commercial operation in October 2021, we established Biopower Kanda LLC as a new company on November 9, 2017 for the construction of this power plant.

The realization of this biomass project would indicate that our group has the second biomass-fired power plant and it would be our first biomass power plant outside the Kansai area.



Asago Biomass Power Plant  
Reduction in CO<sub>2</sub> emissions  
About **19,000**  
tonnes/year

**Technical development efforts**

By making use of our specialized technical capabilities as an electric company, we are contributing to the emergence of a low-carbon society using our technological breakthroughs.

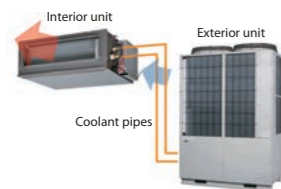
**Joint development of hot wind generator using high-efficiency air to air heat pump**

To respond to the needs for the promotion of energy saving in drying processes in industrial fields, we jointly developed\* "Neppu-ton," a hot wind generator using a high-efficiency air-source heat pump. Mitsubishi Heavy Industries Thermal Systems, Ltd. started sales of it in June 2017.

As with general air conditioners, it has a separate-type configuration comprised of an outdoor unit that takes in heat from the atmosphere and an indoor unit that can directly generate hot wind. It generates hot wind of 90°C, which is the highest-temperature hot wind provided by an air-source heat pump in Japan, and has achieved a high-efficiency of a COP of 3.5\*\*, realizing great reductions in energy use, cost and CO<sub>2</sub> emissions.

\* Joint development partners: Mitsubishi Heavy Industries Thermal Systems, Ltd., Tokyo Electric Power Company Holdings, Inc., and Chubu Electric Power Co., Inc.  
\*\* Coefficient Of Performance (COP) indicates the energy consumption efficiency of a heat generator

**Neppu-ton appearance and Energy Conservation Grand Prize trophy**

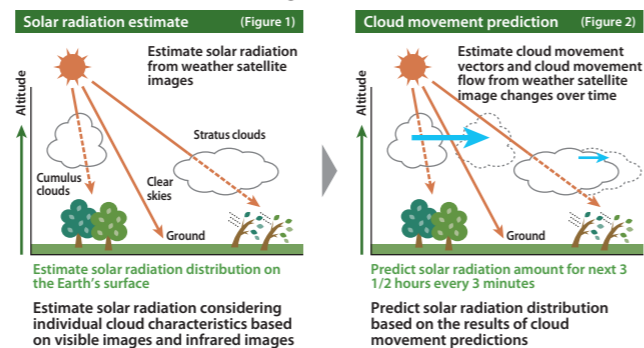


We received the Energy Conservation Center Chairman's Award of the Energy Conservation Grand Prizes (products and business models division) for fiscal 2017.

**Apollon solar power short-time forecasting system**

In preparation for the high-volume adoption of solar power generation, which varies in output according to the weather, we developed the Apollon solar power short-time forecasting system together with the Meteorological Engineering Center, Inc. from fiscal 2012–2014. The Apollon system analyzes the characteristics of clouds from cloud images captured by weather satellites and estimates the solar radiation strength on the Earth's surface (Figure 1). In addition, it predicts the movement of clouds by analyzing changes in clouds over time shown in weather satellite images (Figure 2) and predicts the amount solar radiation in three-minute intervals for 1 km grid units up to 3 1/2 hours ahead. By utilizing predicted solar radiation amounts, fluctuations in solar power generation output can be predicted in advance, allowing stable control of supply and demand. In this way, our company is contributing to the popularization of solar power, and seeking to build a low-carbon society.

**Predicting solar radiation for 3 1/2 hours (in 3-minute intervals) from a weather satellite image**



**Contributing to energy conservation, cost reductions and CO<sub>2</sub> emissions reductions for customers and society**

By enabling customers to use energy efficiently and comfortably, we are contributing to increased energy efficiency, lower costs, and reduced CO<sub>2</sub> emissions for customers and society. We are also promoting energy conservation and CO<sub>2</sub> emissions reductions at our workplaces.

**Encouraging efficient energy use**

With the goals of realizing energy conservation, cost cutting and CO<sub>2</sub> reduction for our customers and society, we are offering high-efficiency systems that utilize renewable energy sources and heat pump technologies, as well as proposing effective operation procedures, for example. In addition, we are providing total support for energy management to customers and other members of society and undertaking activities that serve these purposes, including the services that allow customers to see energy use.

**Serving residential customers**

For our residential customers we are proposing "complete electrical conversions" that realize more effective use of energy and comfortable and convenient lifestyles. This is achieved by combining electrical appliances, particularly our EcoCute energy-efficient hot water supplies and "IH cooking heaters" that are safe comfortable and convenient, with our Hapi e-Time discount electricity rate options and Hapi e-Miruden web service that makes electricity use visible.

Moreover, with our Internet-based Hapi e-Miruden service, we have established "environmental household account books" in which users can input kerosene charges along with electricity and gas to check their total household CO<sub>2</sub> emissions. On this service we also provide "energy conservation advice" with useful information related to energy conservation. In these ways, we are advancing a variety of efforts that contribute to helping customers conserve energy, cut costs and reduce CO<sub>2</sub> emissions.

**Providing information related to energy conservation through Hapi e-Miruden**



**Serving corporate customers**

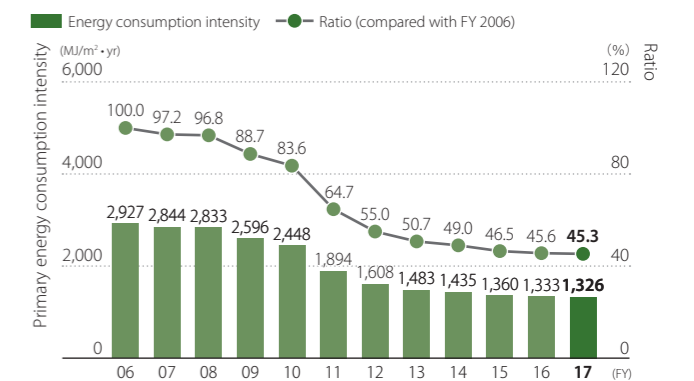
We provide our customers with support for total energy management according to customer needs and offer advice regarding optimal energy systems and their application. In addition, we work with other Group companies to offer a range of services including energy conservation diagnoses and energy management support appropriate to the customer's facility usage patterns. We remain committed to helping our customers minimize their energy consumption, achieve cost savings, and reduce their CO<sub>2</sub> emissions.

**Energy management at business branches**

We have been employing energy management measures at business locations since fiscal 2007. In our efforts, we measure the amount of electricity used by application and by time period for buildings in order to investigate and implement effective energy conservation means.

Through energy management at business locations, we achieved a **55% reduction** compared to fiscal 2006

**Primary energy consumption intensity at business branches employing energy management system**



Notes:  
• Electricity consumption is corrected for air temperature.  
• From FY 2011 to 2015, the reduction achieved through energy conservation is included.  
• 20 business locations employing energy management, as of March 2018

**Kansai Electric Power Company Minami Osaka Sales Branch Office Received 31st Technology Encouragement Award from the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan**

The Minami Osaka Sales Branch Office received this award in May 2017, having been highly evaluated for its continuous energy conservation efforts through very efficient air-conditioning operation as a result of realizing its own control system and conducting performance evaluation meetings. They were able to reduce primary energy consumption intensity by about 52% compared to the target at the time of design, realizing environmental performance appropriate for a "next-generation sales office that is good for the environment and people." Furthermore, this office also received a 6th Carbon Neutral Award Branch Honorable Mention in May 2018.





**2 Proactive Approach with a View to Creating Ever Better Environment**

**Technological developments for constructing the Smart Grid**

The Kansai Electric Power Group aims for the realization of a low-carbon society and better usability for customers through the construction of a smart grid (next-generation electricity transmission and distribution network).

**What is the "Smart Grid"?**

Our Group has positioned the smart grid as a key to achieving an efficient, high quality, reliable electricity transmission and distribution system, employing advanced information, telecommunications, and storage battery technologies to achieve a low-carbon society and a better energy environment for customers without sacrificing the stability of the basic power grid.

**Meeting the challenges of large-scale renewable energy use**

With large-scale or focused introduction of renewable energy, including solar power, into the electric power grid, the stability of the power grid can be compromised.

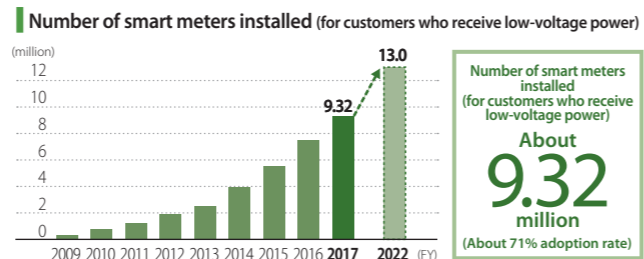
For this reason, as technology measures for grid facilities, we are advancing systems to evaluate these impacts and research for the development of supply and demand control technologies using advanced voltage control and power storage.

Furthermore, we are undertaking a virtual power plant demonstration project that applies the supply and demand management functionality of a power plant (virtual power plant) to numerous customer devices, including storage batteries and electric vehicles, connected to the power grid by using IoT technologies and controlling them collectively through the Internet. By doing so, we are seeking to optimize energy use and further increase the adoption of renewable energy sources.

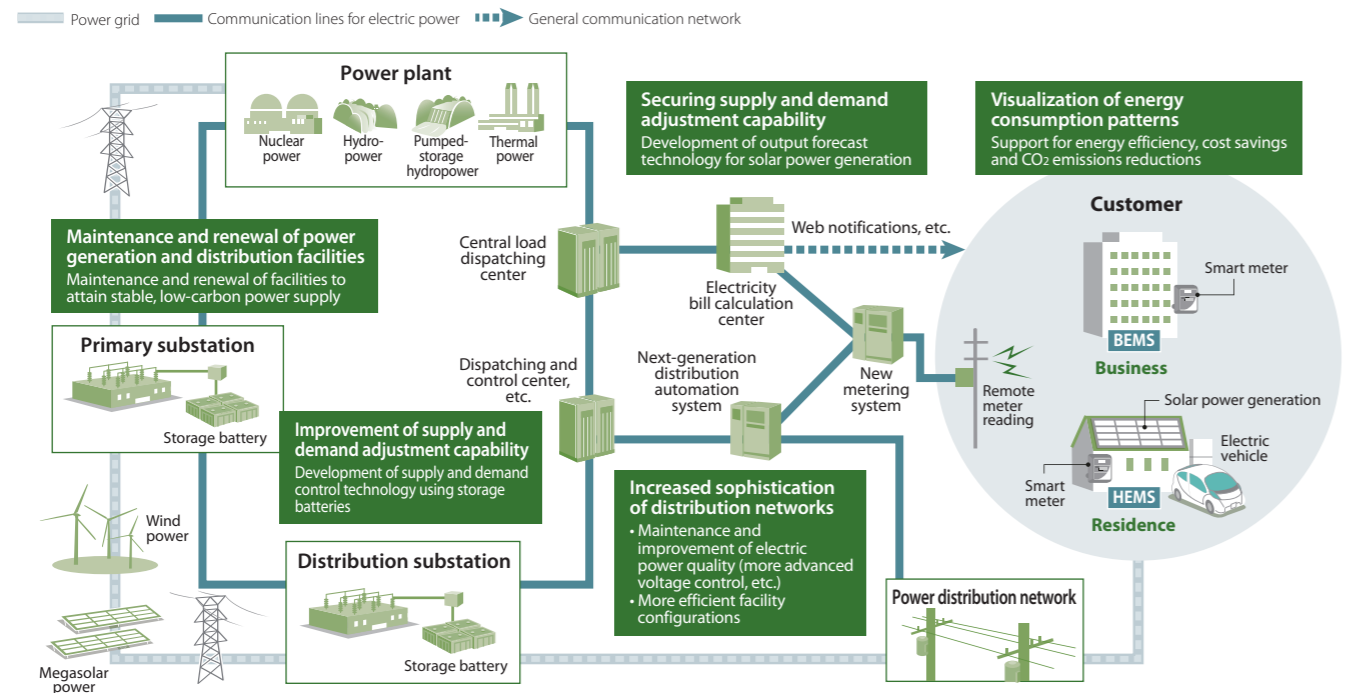
**Usability improvements for customers**

We have completed installing smart meters, which have communication functions and can measure and record the amount of electricity a customer uses every 30 minutes, in factories, office buildings and other customers that receive high-voltage and extra-high-voltage electricity. In addition, we had incorporated 9.32 million units for households and other customers that receive low-voltage electricity by the end of fiscal 2017. We will complete installation for all customers by the end of fiscal 2022 and also continue converting to remote automatic meter reading.

Among the many benefits, installing smart meters contributes to the energy conservation of society as a whole, enables flexible handling of various rate options, makes meter reading work more efficient, and enables formation of efficient facilities according to the conditions of electricity use. Through this endeavor, which leads the nation, we are improving usability for customers by promoting measures that allow them to see their energy use. We are supporting their efforts to conserve energy, cut costs and reduce CO<sub>2</sub> emissions with services such as the Hapi e-Miruden Service (residential), which allows people to see the status of their electricity use, and the Electricity Usage Notification service (business).



**Constructing the Smart Grid**



**Overseas activities**

We are implementing a wide range of initiatives outside Japan in an effort to devise solutions to global environmental issues and other global problems by applying the technical capabilities, knowledge, and expertise we have gained through our years of operation as an electric power supplier.

**Republic of Indonesia  
Rajamandala Hydroelectric Power Project**

We are constructing a run-of-river hydroelectric power plant with a capacity of 47 MW, located on the Citarum River, in Java Island, the Republic of Indonesia (commercial operation scheduled in 2019). This is a BOT\* project which will sell electricity to the PT Perusahaan Listrik Negara (state electricity company of Indonesia) utilizing the water released from an upstream hydroelectric power plant\*\* operated by a local power company.

While this project is designed to make profit for Kansai Electric Power, it is also supposed to contribute to the development of Indonesia where power demand is growing remarkably. We will be able to supply affordable and low carbon electricity in a stable manner over the long term.

\* Build-operate-transfer (BOT) is a type of project arrangement whereby a project company builds a facility and manages and operates it for a certain period to recover its investment, after which it transfers ownership of the facility to the public sector / authority.  
\*\* Saguling Hydroelectric Power Plant (700 MW) owned by PT Indonesia Power (100% subsidiary of PLN)



Power plants area overview

**Workshops held in Pacific island nations**

As part of GSEP\*, we have been holding 14 workshops since 2005 for the Pacific Power Association. The past topics are "Grid interconnection of renewable energies," "Tariff Structure" and so on.

In 2017, we offered lectures titled "Renewable energy grid connections" in Fiji (March) and in Guam (June) respectively. In addition to explaining issues related to the massive installation of renewable energy sources and the measures for handling them, we also introduced our latest efforts and countermeasures of our company such as the "Apollon" solar power short-term forecasting system, smart grids and demand side management etc.

In these ways, our company is contributing to the resolution of global environmental problems through technology transfers and personnel cultivation programs related to the various issues faced by island nations.

\* GSEP stands for "Global Sustainable Electricity Partnership." Comprised of nine major electric power companies from seven countries, including Japan, the USA and France, in this organization leaders from each company exchange ideas about the development of sustainable energy sources, climate change problems and other global issues related to the electric power business as a whole.



All participants visited a solar power plant on Guam.

Our employees enthusiastically answered questions from each of the participants.

**Value chain efforts**

We are working to introduce and utilize high-efficiency LNG ships.

**Fuel value chain**

We are advancing the introduction of LNG ships with excellent energy conservation performance. Following the LNG EBISU, the LNG JUROJIN, and the LNG FUKUROKUJU, which are already in service, we completed the LNG SAKURA in fiscal 2017. These ships have Dual Fuel Diesel Engine system for power. We hope to achieve outstanding fuel economy compared to conventional steam turbine systems.

In addition, by utilizing the latest thermal insulation systems,

they achieve an LNG evaporation rate of 0.08% per day, which is the lowest level in the world, making them outstanding in terms of both environmental and economic performance.



LNG SAKURA



2 Proactive Approach with a View to Creating Ever Better Environment

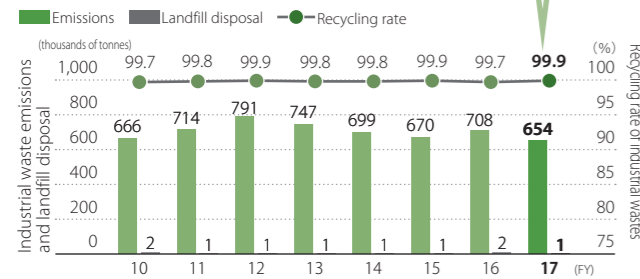
## Initiatives contributing to the realization of a recycling-oriented society

### Efforts to achieve zero emissions

The principal types of industrial waste generated by Kansai Electric Power include coal ash from coal-fired thermal power plants and concrete pole fragments remaining from power grid construction. We have targeted an industrial waste recycling rate of at least 99.5% with the goal of achieving zero emissions. We achieved a 99.9% recycling rate in fiscal 2017, which marks the eighth consecutive year that we have reached our target. We are also working to reduce and recycle general waste, such as printer paper, produced by our offices.



### Changes in emissions and recycling rates for industrial wastes



Note: Industrial waste recycling rate (%) = (industrial waste emissions - landfill disposal amount) / industrial waste emissions × 100

### Main applications of recycled industrial waste, etc.

Type of industrial waste	Recycling rate	Main recycling applications
Metal scraps	99.4%	Metal recovery
Demolition debris (Waste concrete utility poles, etc.)	99.8%	Roadbed materials
Soot (Coal ash, heavy oil ash, etc.)	100%	Cement raw materials
Sludge (Desulfogypsum, wastewater processing sludge, etc.)	99.9%	Construction materials
Cinders (Coal ash, heavy oil ash, etc.)	100%	Rare metal recovery
Waste oil	100%	Fuel

### Recycling of coal ash

We are recycling all the coal ash emitted by the Maizuru Power Station as raw material for cement and roadbed material, for example. The minute spherical particles found in coal ash are called "fly ash" when in their modified form and, when mixed with concrete, add strength. Fly ash is used as concrete admixture for engineering and construction projects for bridges and the like. Kanden Power-Tech Corporation is promoting sales of this material.

### Polychlorinated biphenyl (PCB) waste processing

Kansai Electric Power complies strictly with the Law Concerning Special Measures Against PCB\* Waste and related laws, and promotes safe, reliable disposal based on the special characteristics of the PCB waste involved. Kansai Electric Power uses a range of methods for dealing with the disposal of electrical equipment containing minute amounts of PCBs. We established the Recycling Center for Utility Pole Transformers to render insulating oil and transformer cases harmless and suitable for recycling. At the end of July 2015, we completed processing of stored insulating oil and transformer cases. For other equipment, we are promoting effective processing using technologies from our Group companies. In keeping with government plans, we have commissioned Japan Environmental Storage & Safety Corporation (JESCO) to process waste containing high concentrations of PCB insulating oil.

\* PCB: Initialism for polychlorinated biphenyl. It is a strong electrical insulator and has been used as an insulating oil in electrical transformers. Because it has an adverse environmental impact, its production and use have been prohibited in principle.

### Initiatives of our group companies

The Kanden L & A Co., Ltd. developed a technology to recycle used insulators into stone materials for gardening, for example, by rounding corners with grinding machines. At the FY 2015 Awards for Resources Recirculation Technologies and Systems, this technology received the Award of the Director-General of the Industrial Science and Technology Policy and Environment Bureau. Furthermore, together with a road company this company has developed an environmentally-friendly paving material that suppresses road surface temperature increases. This is done by injecting and filling the fine powder from the grinding into gaps in the asphalt mixture. They received a patent in July 2016. Moreover, Kanden Engineering Corporation received the first permit in Japan from the Minister of the Environment in May 2014 for disposal treatment of low-concentration PCBs in discarded electrical equipment by using mobile solvent-based cleaning equipment. It has been conducting safe and economical decontamination treatments that do not require moving or dismantling contaminated equipment. In the future, our corporate group will continue contributing to the realization of a recycling-oriented society.



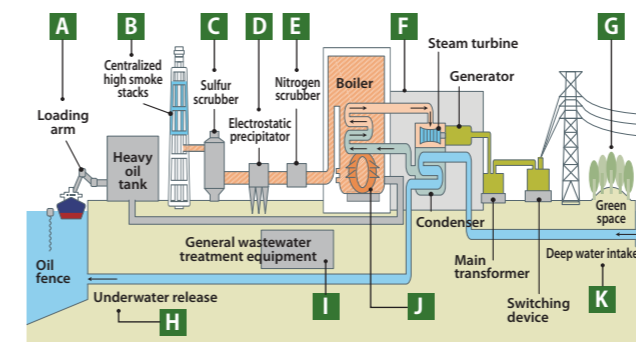
Kanden Engineering Corporation PCB cleaning equipment

## Promotion of environmental protection in local communities

### Environmental protection measures at power plants

At our power plants, we undertake measures based on laws, local regulations, environmental protection agreements and other rules to reduce air pollution, water contamination, noise, vibrations, and other problems. In addition, we monitor and measure the air and ocean around our power plants and carefully evaluate the environmental effects of our operations on the regional environment to ensure that no problems occur.

### Environmental measures adopted at thermal power stations

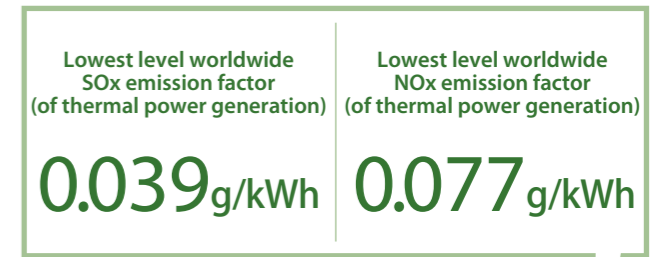
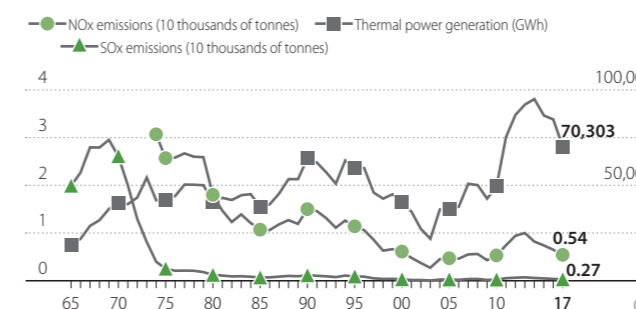


- A** Oil leakage prevention
- B** Ground-level density reduction measures
- C** Removal of sulfur oxides
- D** Removal of dust
- E** Removal of nitrogen oxides
- F** Noise prevention
- G** Afforestation
- H** Heated water discharge measures
- I** Drainage treatment
- J** Low-sulfur fuel
- K** Heated water discharge measures

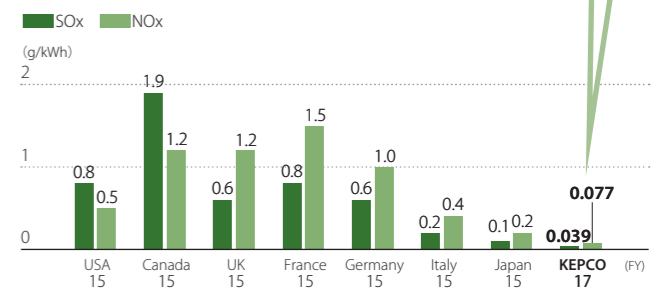
### Air pollution prevention measures (SOx, NOx, soot)

Kansai Electric Power has implemented measures aimed at reducing the volume of SOx (sulfur oxides) emitted by our thermal power plants by using low-sulfur fuels, installing sulfur scrubbers, and other measures. To address the issue of NOx (nitrogen oxides), we are taking steps to lower emission levels, such as improving combustion methods and installing nitrogen scrubbers. As a result, our SOx and NOx emissions per unit of electric power generated are significantly lower than those of the major countries of Europe and North America, remaining among the lowest in the world. In addition, we have installed high-performance electrostatic precipitators that dramatically cut soot emissions.

### Thermal power generation and SOx and NOx emissions



### SOx and NOx emission factors for thermal power generation of major countries and Kansai Electric Power



Source: Overseas data: OECD StatExtracts, IEA ENERGY BALANCES 2017  
Japan figures: Federation of Electrical Power Companies of Japan (10 electric power companies and Electric Power Development Co., Ltd.)

### Handling chemicals

We regularly monitor the status of buildings and equipment that contain asbestos and systematically advance the removal of asbestos and replacement with non-asbestos products. In these ways, we are managing asbestos suitably as we strictly abide by related laws, regulations and other rules.

Moreover, in addition to abiding by the PRTR (Pollutant Release and Transfer Register) Law, we are working to manage toxic chemicals strictly and to reduce them based on our "Guidelines for Managing Chemicals Subject to PRTR."

### Scope of use (buildings and facilities) of asbestos (at March 31, 2018)

Blown-in materials containing asbestos	Acoustic insulation, thermal insulation, and fireproofing materials in company buildings; acoustic insulation for transformers
<b>Building materials</b>	Fireproofing panels, roofing materials, and flooring for buildings
<b>Asbestos-cement pipes</b>	Duct lining for underground lines (transmission, distribution, and communications facilities)
<b>Thermal insulation</b>	Power generation facilities (thermal power facility, nuclear power facility)
<b>Sealing materials, gaskets</b>	Power generation facilities (thermal power facility, nuclear power facility)
<b>Buffers</b>	Suspension insulators for transmission facilities and the like
<b>Thickeners</b>	Electric wire for the overhead transmission lines, hydroelectric dams



**2 Proactive Approach with a View to Creating Ever Better Environment**

**Conservation of biodiversity**

The promotion of business activities that consider the preservation of biodiversity is part of the Kansai Electric Power Group Environmental Action Plan. In accordance with this, in carrying out our business, we are steadily implementing efforts for this purpose, including conducting environmental assessments and undertaking environmental preservation measures that suit local characteristics.

**Natural forest creation**

In order to make forests that are similar to nature at power plants in short amounts of time, we are trying to create environments that protect the original biodiversity of the region by selecting cultivated tree saplings that are suited to the region, and planting different species densely in close proximity.



Forest accounts for a quarter of the grounds of the Gobo Power Station. These trees grow to more than 10 meters in height.



Stork building nest on utility pole

**Protecting oriental white storks**

In Toyooka City, Hyogo Prefecture, released oriental white storks, which are designated a Special Natural Treasure in Japan, sometimes make their nests on utility poles and steel towers. Not only are there concerns about accidents, but there are also fears that storks could be electrocuted. For these reasons, we patrol carefully, removing nests as quickly as possible and conducting measures to discourage them from coming near utility poles in cooperation with the University of Hyogo and the Hyogo Park of the Oriental White Stork. In these ways, we are both protecting the storks and maintaining the safety and stability of the power supply.

**Promoting environmental management and environmental communication**

**Promoting environmental management**

**Promoting environmental management on a Group-wide basis**

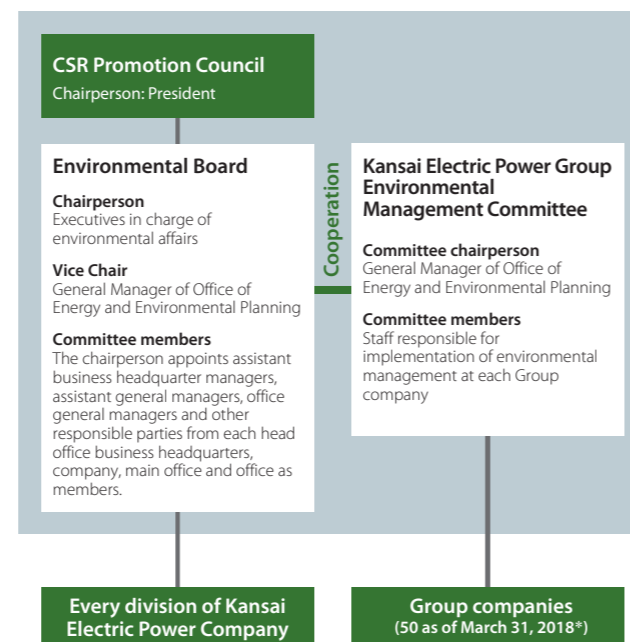
In our corporate group, our company and our group companies have been unified in efforts to reduce environmental impacts and environmental risks, and we have built environmental management systems that incorporate the approaches of ISO 14001. Kansai Electric Power has established an Environmental Board within its CSR Promotion Council. For the Group, we have established the Kansai Electric Power Group Environmental Management Committee, and are working to develop Eco Action measures and implement Check and Review, as well as comply with environmental law and other regulations. The Office of Energy and Environmental Planning communicates with every division and group company about the state of environmental management, providing advice or guidance as necessary.

**Strict adherence to laws, regulations and other rules**

We endeavor to adhere to laws and regulations with restrictions related to the environment.

In addition, we have sought to adhere unflinchingly to "environmental protection agreements" made with local governments near our power plants, and we had no violations of such agreements. In fiscal 2017, there were no cases in which we received guidance, recommendations or orders from the national or local governments about these laws, regulations and agreements related to the environment.

**Environmental management promotion system of the Kansai Electric Power Group**



\* The 50 companies, which are selected from 69 consolidated subsidiaries and 4 equity method affiliates, exclude those that have low environmental impacts.

**Promoting environmental communication**

**Community environmental initiatives undertaken in cooperation with local governments**

We consider the environment together with the community residents through environmental events hosted by the local government, cleaning campaigns, and environmental education at local schools. We emphasize environmental communication by seeking out residents' opinions about our initiatives. June is Environment Month at Kansai Electric Power Group, a time when our entire Group engages in activities such as community cleanups, tree planting, exhibiting at environmental events, and conducting on-site environmental classes at schools.



Planting activity with local elementary school students (Higashi Osaka City, Osaka Prefecture)

**Some initiatives of the Kansai Electric Power Group**

Our Group has undertaken a variety of environmental initiatives by combining the technological capabilities of individual companies and the management resources of our entire Group.

**Kanden Realty & Development Co., Ltd.**

**Akasaka Center Building receives the Organization for Landscape and Urban Green Infrastructure Chairman's Award**

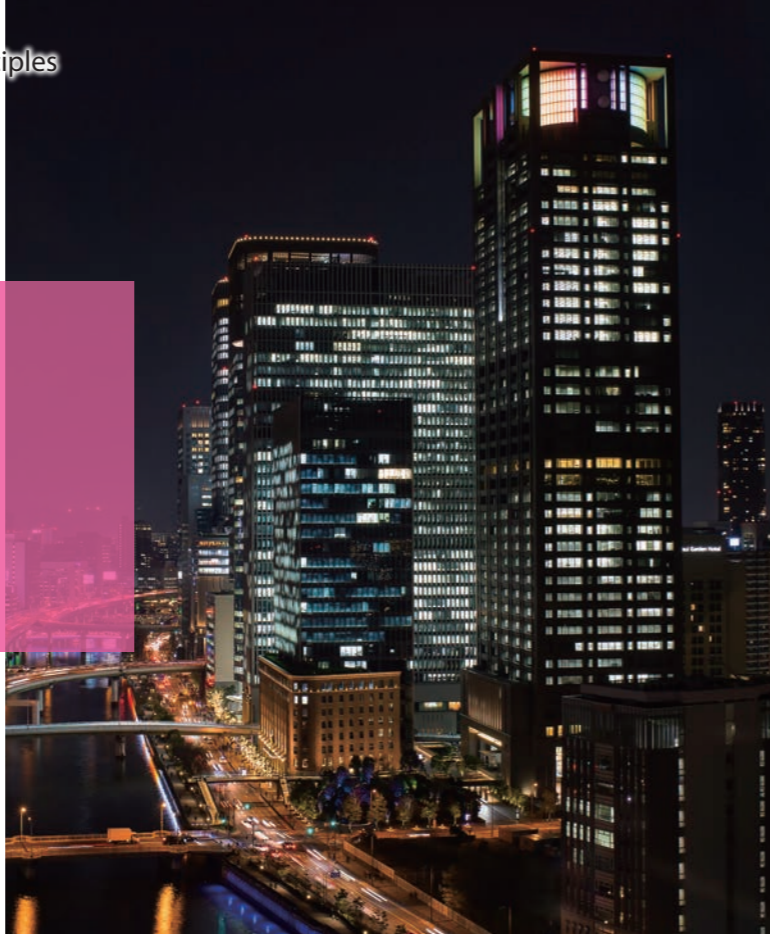
In December 2017, the landscaping (completed January 2013) of the Akasaka Center Building received the Chairman's Award in the 16th Rooftop and Wall Green Technology Competition held by the Organization for Landscape and Urban Green Infrastructure.

According to the commendation received, "In the wall plantings of this multipurpose building, which combines offices and condominiums, nearby a verdant area that symbolizes local history and culture, vegetation was actively incorporated into an exterior design that has a softness unlike stone walls, creating an urban environment where people can enjoy strolling."



Akasaka Center Building that received the Organization for Landscape and Urban Green Infrastructure Chairman's Award





CSR Action Principles

3

## Proactive Contributions to Development of Local Communities

As a business operator closely linked with its local communities and lives of their inhabitants, the Kansai Electric Power Group fully recognizes that its own development is not conceivable without the development of the local communities associated with its business activities and therefore we will proactively contribute to the development of our local communities through initiatives to revitalize these communities and the local economy. Also with regard to our overseas business activities, we will strive to contribute to the development of the respective local communities with due consideration to local culture and practices.

## Maintaining an ongoing community dialogue

### Transmitting information with a positive attitude to local communities and maintaining open lines of communication

We established our Community Energy Division in June 2015 with a commitment "to create the future together through dialog." We are striving to meet the varied requests of the residents of our local communities with a positive attitude by maintaining close communication with all.

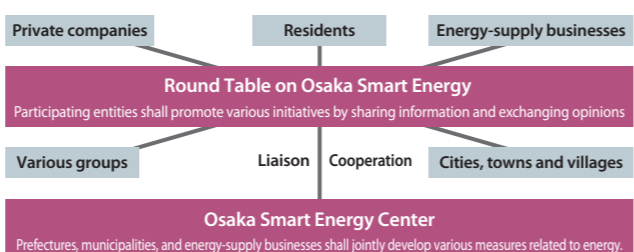
### Proactive information exchange through participation in various types of meetings and other efforts

We have been participating in governmental assemblies such as the Meeting of Members of the Union of Kansai Governments and other organizations. In addition to explaining topics such as the state of power supply and demand, electricity rates, and nuclear power operation, we also receive a variety of opinions and otherwise exchange information.

Furthermore, we are actively working for the resolution of various energy issues in local communities based on the opinions and other ideas we receive.



Example of participation in various meetings



Participation in the Round Table on Osaka Smart Energy (Fiscal 2017)  
**7 times**

- Participation examples (fiscal 2017)**
- Regular report about power supply and demand to the Union of Kansai Governments **12 times**
  - Sakai City Hydrogen Energy Society Promotion Conference **Attended 3 times**
  - Working group meetings on systems and other measures for efficient energy use in cities **Attended 2 times**
  - Harima local energy use promotion committee **Attended 1 time**

### Ordinary communication with government offices

We undertake mutual communication with government offices on a daily basis. When we are asked questions, we hold study groups, for example, to answer them conscientiously.



Opinion exchange with government office

Efforts to promote understanding by local governments (Fiscal 2017)  
**6,200 times**

## Undertaking "community building efforts" together with customers and society

### Efforts for regional stimulation

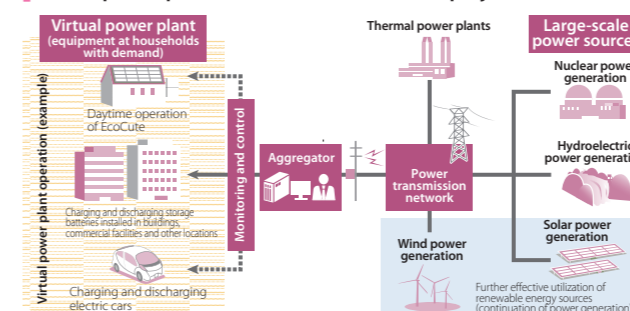
As the energy needs of customers and society at large have become increasingly diverse, Kansai Electric Power has been carefully monitoring trends to determine exact requirements. We seek to support regional revival and invigorate local economies with the goal of working with them as a valued partner to create the new future we envision.

### Contributing to the emergence of Smart Communities

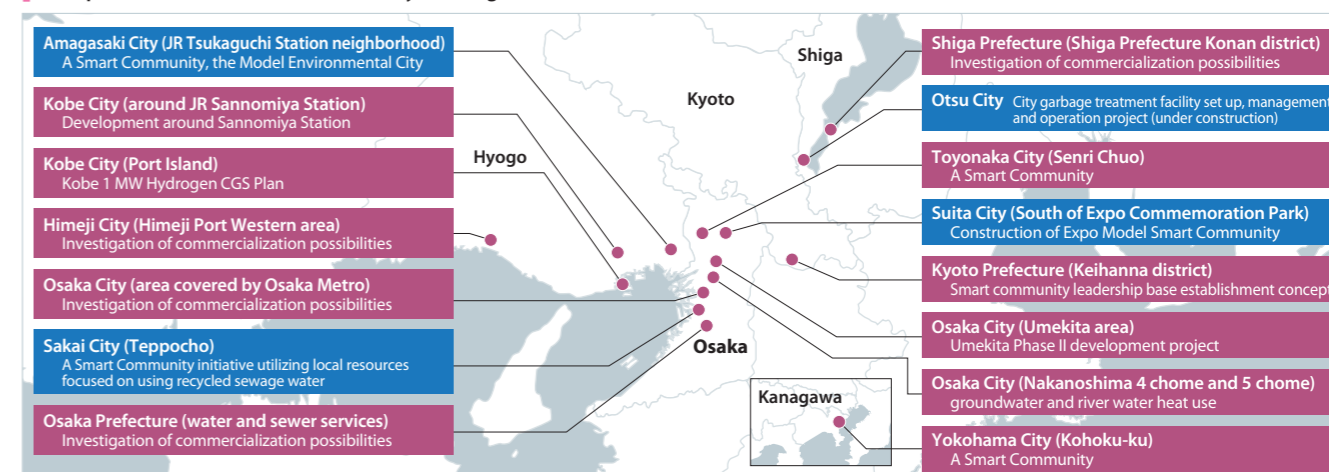
We are advancing a variety of proposals according to the issues and needs faced by communities by maximizing the use of local characteristics and resources, including renewable energy sources, unused energy, and hydrogen. For this purpose, we are also utilizing our abundant knowledge and expertise as a comprehensive energy supply business for the realization of smart communities that optimize energy supply and demand for entire regions using ICT to connect residences, offices, factories and other locations. We are expanding the range of these activities beyond the Kansai region where we are active as expected to other locations, including Yokohama in Kanagawa Prefecture.

Furthermore, we have been advancing virtual power plant demonstrations and making efforts toward the building of new business models for energy utilization through the handling of

### Virtual power plant structure demonstration project overview



### Examples of efforts related to community building activities



next-generation technologies and cooperation with a variety of stakeholders.

Cumulative number of community building efforts in which ideas have been realized (as of end of June 2018)

**5**

### Community development activities in urban areas of Osaka

Our company is contributing to community development in central Osaka and other locations with both hard and soft measures. One such effort is in Nakanoshima, Osaka where our Head Office is located.

Seeking to further develop and invigorate Nakanoshima, 28 companies (as of the end of June 2018), including the land-owning businesses in the district, are members of the Round Table on the Future of Nakanoshima, with our company functioning as the secretariat. Together we are working toward the realization of the "Nakanoshima urban renewal concept." Seeking to develop a community that is safe, secure and strong against disasters, this organization is undertaking efforts to increase community disaster resistance, including the creation of a disaster action manual and the holding of disaster prevention courses.

Moreover, we are working actively on efforts to bring the World Expo to Osaka in 2025 and to provide opportunities to enhance bidding activities, contributing to the development of local communities. For example, we have illuminated the top of our head office building with the five colors of the World Expo bid logo.

### Enterprise investment support activities

Seeking the sustained development of communities, we are cooperating with local governments and related locations and undertaking enterprise investment support activities in the Kansai region. For businesses from elsewhere in Japan that are looking for new places to locate, we introduce the industrial locations and local government incentive systems in the Kansai region through "Community Information," which is a magazine with information about the community. Another way that we are working to advance the Kansai region is by visiting businesses to make relevant proposals.



**3 Proactive Contributions to Development of Local Communities**

**Contributing to the local community**

As a business that is deeply rooted in local communities and is one member of these communities, our company continues to undertake activities that contribute to them, paying careful attention to the needs of their residents including our customers.

**Inspection of electrical equipment at cultural properties**

We are cooperating with fire departments and other organizations to inspect the electrical facilities of temples, shrines and cultural properties as well as public halls and local landmarks. We check for any electrical leakage or wiring abnormalities and we inform customers about safe ways to use electricity with their equipment.



Inspecting electrical equipment at the Tsutenkaku Tower

**Helping local residents beautify their surroundings**

In addition to our activities with local communities, we are carrying out cleanup activities around our business locations, at tourist sites, centering on Kansai Electric Power Group Environment Month (June) and Customer Appreciation Month (November). In addition, we have engaged in beautification activities such as removing illegal advertisements and erasing graffiti.



Cleaning activities at Iwashimizu Hachimangu Shrine

**Support for traditional cultural preservation and regional events**

To contribute to regional development and vitalization, we are working to support traditional culture and regional events rooted in local communities in a variety of ways.



Participating in the Tempyo procession during the Heijo Palace Tempyo Festival 2017

**Collabo Art 21 exhibit of art by handicapped persons**

Since 2001, Kansai Electric Power has been holding the Collabo Art 21, an exhibit that provides an opportunity for individuals with disabilities to display their works. Visitors can appreciate the art and sense the potential of the artists. Works selected for exhibiting can also be seen on our website.



Exhibition of selected works (part of sponsorship activities for Persons with Disabilities Week)

**Support for employees engaged in social contribution activities**

To support employees engaged in community activities or volunteer programs, we established a volunteer time-off program, among other initiatives. We published a Social Contribution website on our company web portal that provides enhanced information on the activities of volunteers and various workplaces.

**System**

**Volunteer time-off program**

This system allows employees, who participate in activities that contribute to society and meet fixed conditions, to take 50% or 100% of the time devoted to such activities as specially recognized time off, up to an annual limit.

**Volunteer time-off program**  
**Participation:**  
**57**  
184.5 days

**Operation of an in-house Social Contribution website**

On our Social Contribution website, every employee can view in a single location volunteer information and examples of activities that contribute to society at other business places. They are also utilizing it as reference information for the activities at every business place.

CSR Action Principles

**4**

**Respect for Human Rights and Development of Favorable Work Environment by Taking Advantage of Diversity**

The Kansai Electric Power Group recognizes the “human rights” as a common and universal value of the global society, supports the international standards relating to the human rights and respects the human rights in all of its business activities. Accordingly, we will strive to secure safe and comfortable work environment for all the people associated with our business activities and take advantage of diversity (each individual’s diversity) to the maximum extent.



**Respect for human rights**

**Policies**

Based on the recognition that respect for human rights is essential to every business activity, we are proactively striving to create a corporate culture that “neither discriminates nor permits discrimination” and to realize “a society grounded in human rights.”

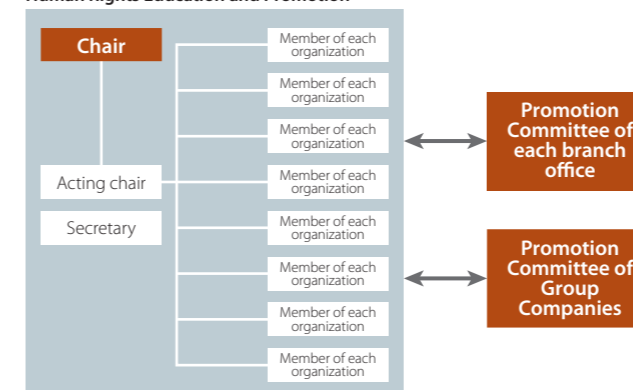
We continuously raise awareness and offer training initiatives related to social integration and human rights in order to deepen every employee’s proper understanding and recognition of various human rights issues, including buraku class discrimination, harassment and discrimination based on disabilities.



Social Integration Education Promotion Committee

**Promotion system**

Kansai Electric Power Committee on Human Rights Education and Promotion



**Specific efforts**

**Efforts to raise human rights awareness**

As an effort to raise awareness related to respect for human rights, we have been continuously holding integration and human rights trainings for management and for all employees. In fiscal 2017, a total of 26,498 people throughout the company participated.



Executive human rights training

**Characteristic training and attendance**

Training details	Target person	Attendance
Executive human rights training (Business management and human rights)	Chairman, president, executive management	73
Human rights lecture (Act on the Promotion of the Elimination of Buraku Discrimination, etc.)	Upper management, promotion members, officers and others	176
Trainings related to corporate social responsibility and human rights (International human rights standards, class discrimination, LGBT issues, harassment)	Employees	10,461
Training to promote understanding of disabled people so that they are considered rationally	Employees	871
Harassment counselor training	Persons in charge of hotlines	12

**Initiatives linking our group, municipalities and other entities**

Our Group holds semiannual Human Rights Information Exchange Meetings for Group Companies. In addition, we actively participate in the efforts of the Osaka City Council on Human Rights Promotion for Corporations and other liaison group organizations, including those of the national and local governments.



**4 Respect for Human Rights and Development of Favorable Work Environment by Taking Advantage of Diversity**

## Unified promotion of workstyle innovation, health and productivity management

At our company, we are seeking workstyles that emphasize value creation more than time, workstyles that increase flexibility in time and space, and “ways of resting” that contribute to improving the quality of life. In addition, we are promoting health management by working to improve lifestyle habits and to invigorate communication.

Regarding “productivity” and the “maintenance of mental and physical health,” we have set specific numerical targets and are working to achieve them. Specifically, we are seeking changes in the awareness of each individual employee about these ideas and their establishment in our corporate culture. We are also striving for thorough compliance related to working hours management, including the elimination of long working hours and unpaid overtime, and further promotion of work-life balance and diversity.

### Efforts for workstyle innovation

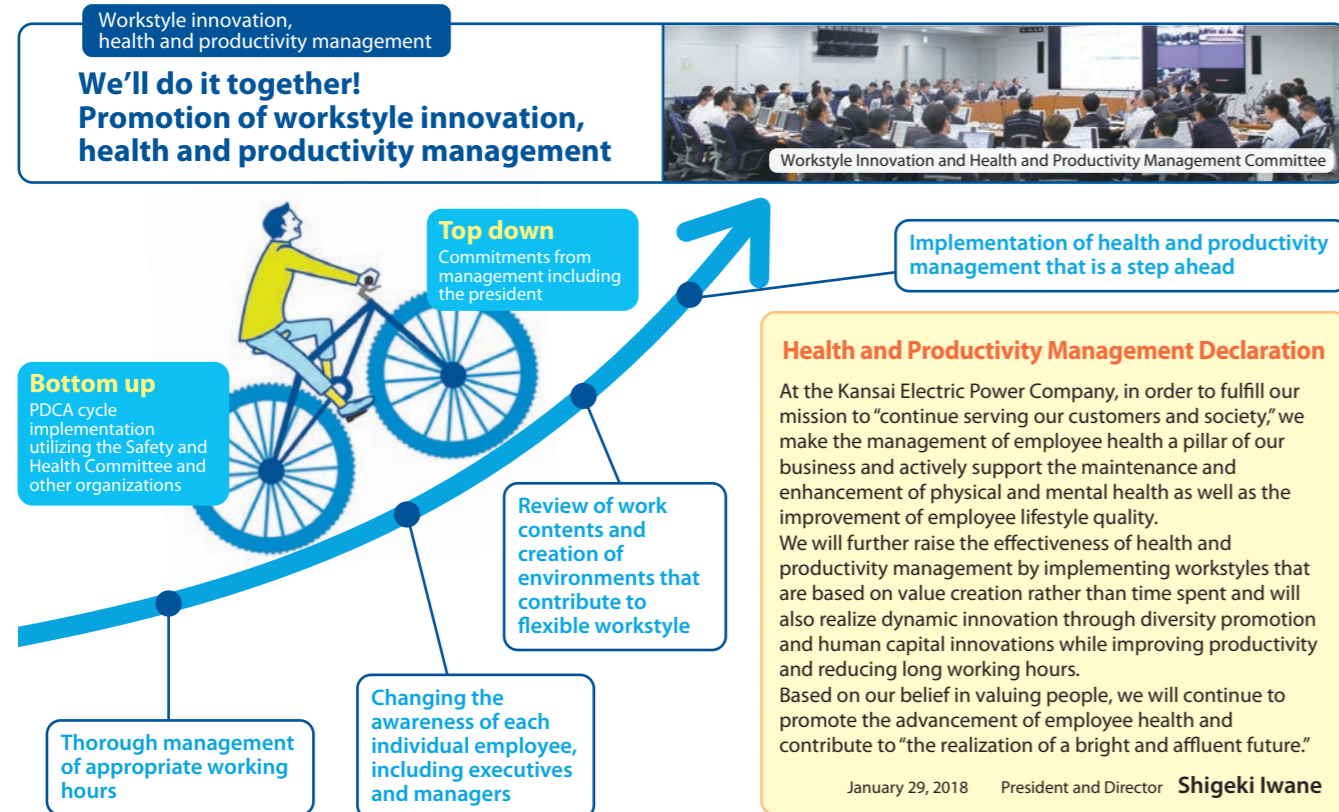
#### Operating Workstyle Innovation, Health and Productivity Management Committee

In January 2017, we established a Workstyle Innovation, Health and Productivity Management Committee with our president as the chairman. In this committee, leaders of each division, including management executives, discuss corporate-wide targets and efforts related to issues such as overtime work and days off, implementing the PDCA cycle for this area of concern.

#### Health and Productivity Management Declaration established

Under the leadership of our president, we established this Health and Productivity Management Declaration with the goal of expressing our determination to focus even more power on efforts for health and productivity management. We will continue to actively support promoting the physical and mental health of our employees and improving lifestyle quality for every one of them and their families.

#### Status of efforts for workstyle innovation, health and productivity management



### Thorough management of appropriate working hours

In September 2017, we received correction recommendations and advice related to the management of working hours from the Labour Standards Inspection Office. We reported the measures we took and received confirmation that we had appropriately completed dealing with them during the same month.

### Sustaining stable labor-management relations

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

## Diversity promotion

### Efforts to promote diversity

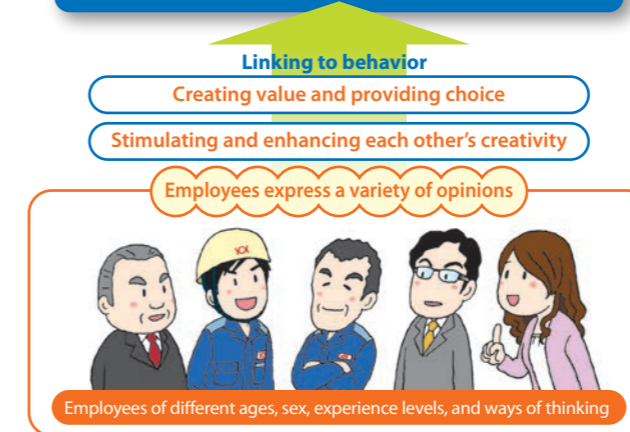
#### Kansai Electric Power's diversity goals

We established an exclusive organization in 2011 intended for all employees with the goal of raising awareness and promoting behavioral changes in order to promote the advantages of individual differences as one of our strengths. We are promoting initiatives such as workplace training and the periodic release of information intended to forge the power of the individual as an organizational strength. In addition, we established the Kansai Electric Power Group Diversity Promotion Policy in December 2015, and we are making efforts with the promotion of diversity as one of our management strategy.

#### Kansai Electric Power Group Diversity Promotion Policy

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

#### Improvements Achieved by the Organization



#### Promotion of employment of elderly persons

In accordance with the objectives of the Act on Stabilization of Employment of Elderly Persons, we introduced a system for re-employing retired employees in 1996. Currently, more than half our employees who have reached retirement age are participating by applying their extensive expertise and skills.

#### Promoting employment of persons with disabilities

We are also actively promoting the employment of workers with disabilities through our special affiliate company Kanden L-Heart (established in 1993). As a result, our ratio of workers with disabilities was 2.44% as of June 2018, remaining above the legally required ratio (2.2%). We are opening up a diverse range of jobs for people with disabilities such as office work assistant while bolstering support for those with mental disabilities.



Office assistants working

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

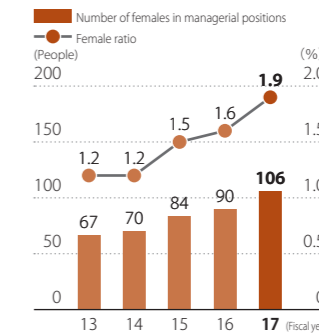
In addition to encouraging continuous contributions to the organization by developing abilities and growing independently through work, we are striving to make environments where people can continue to work enthusiastically even when their lifestyles change. Moreover, our company supports and has signed the Women's Empowerment Principles, which were created by UN Women and the United Nations Global Compact. We received the “Kurumin” certification in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children and the highest “Eruboshi” certification (third level) in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace. In addition, we were recognized as a “Leading company for female activity in Osaka City,” and received the fiscal 2015 Mayor's Commendation For Excellence Award.



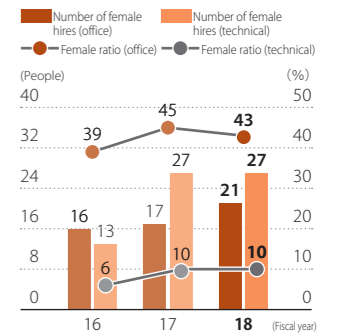
### Initiatives to encourage the further success of female employees

<b>Appointments to managerial positions</b>	By the end of FY 2020, the ratio of females in managerial positions shall be double that of FY 2013.
<b>Recruitment</b>	Achieve ratios of 40% for women employed in office jobs and 10% for women in employed in technical jobs.

#### Number of female managers (ratio)



#### Number of female hires (ratio)



(Figures from fiscal year ends)  
\* Excludes medical staff and transportation staff  
\* Executives include positions equivalent to chief clerk and higher

### Promoting the participation of male employees in child-raising and housework

In addition to raising awareness among male employees themselves, we are endeavoring to create workplace environments that make it easy for men to also participate in child-raising and housework.

In addition, we are now providing up to seven days of paid leave from the start of childrearing leave, and promoting the taking of childrearing leave by men.



**Rate of childrearing leave utilization among men\* 190.0%**

\*Men who took childrearing leave in fiscal 2017/men who had babies born in fiscal 2017



**4 Respect for Human Rights and Development of Favorable Work Environment by Taking Advantage of Diversity**

## Cultivation measures for “human capital” innovation

### The “human capital” that we seek

Considering ideals such as our Guidelines for Action for the realization of our Management Philosophy, which is the unshakable sense of values held by the Kansai Electric Power Group, we have established characteristics that group employees should possess as “human capital.” These characteristics that are necessary for our corporate group to achieve sustainable growth in the midst of an era of intense competition, include “For Customer,” “Morality and Mission,” “Challenge,” “Self-Reliance” and “Execution.”

### Overview of the Kansai Electric Power Group Academy

#### Opening of the Kansai Electric Power Group Academy

On July 1, 2018, we opened the Kansai Electric Power Group Academy with our president acting also as the school president. In the Academy, in addition to the idea of “valuing people,” which we have been putting into practice until now, we also incorporate the company belief that “cultivating human resources is the most important thing for coming out on top in a severe competitive environment.” We have prepared a variety of trainings and education systems, and we are supporting the independent career creation of employees so they can each design careers according to their individual readiness.

#### Four personal cultivation systems of the Kansai Electric Power Group Academy



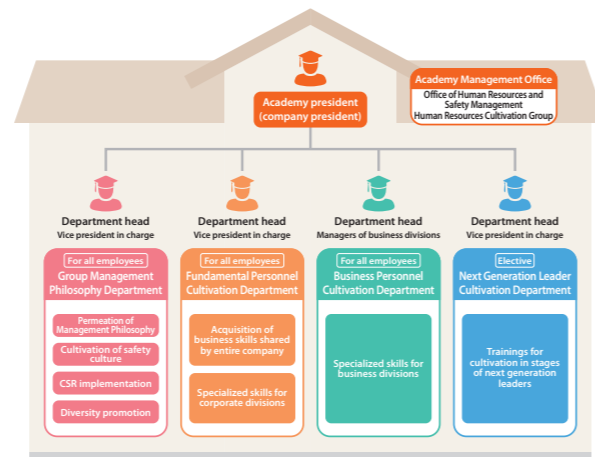
Number of training participants (all group trainings) **40,893**

#### Overview of our training and education systems

Ability development category	Technical skill level	Responsible persons			Managers
		Base level	Application level	Advanced level	
Group training	General training	New employee training	Development programs (I, II, III)		basic I, basic I follow-up, basic II, advance, advance follow-up
	Specialist training	Elective trainings			
Self-development support		Division-specific education (skill training / work knowledge training / expert theory training)			
		Ability grade certifications, certification bonuses, challenge trainings, outside correspondence education, chief investigator challenge tests, e-learning, etc.			

#### Organization and operation of the Kansai Electric Power Group Academy

The Kansai Electric Power Group Academy is organized into four educational departments with our company president as its president. The heads and deputy heads of each department are executives appointed from related divisions and have responsibility for the growth of our employees.



#### e-challenge system

We will implement an “e-challenge system” as an in-house open system that allows people to take on the challenges of diverse career fields. We promote opportunities that enable employees to succeed and grow even more in a wide range of fields, and we support the independent career development of each individual so that they can exercise their abilities to their maximum extents based on high levels of motivation.

#### Diverse career fields



## Safety and health efforts

### Policies

To create workplace environments where employees can remain safe and healthy, Kansai Electric Power promotes efforts to create stimulating and lively workplace environments.

The Safety and Health Activity Guidelines establish priority measures for the entire company, and each workplace creates an annual Safety and Health Activity Plan comprised of efforts to be taken based on those guidelines, and develops its own independent Safety and Health activities.

#### Safety and Health Committee meetings

In order to promote safety and health activities with unified labor and management, we hold Safety and Health Committee meetings every month in every workplace. The vigorous discussions include deliberations related to goals and efforts for workstyle innovation, health and productivity management.

#### Company-wide Safety and Health Stress Campaign and Company-wide Safety and Health Meetings

For two months starting in July every year, the entire company undertakes a company-wide Safety and Health Stress Campaign. At the beginning of July, we hold a Company-wide Safety and Health Meeting led by our president in order to raise employee safety and health awareness and foster feelings of solidarity.

#### 2018 Kansai Electric Power Safety and Health Activity Guidelines: Priority Measures

- [Safety]**
- Make safe “thinking and acting” based on danger prediction into a habit
  - Advance safety efforts that protect not only ourselves but also colleagues with a focus on communication
  - Achieve understanding and strict enforcement of practices that drivers and passengers should observe along with the permeation of a considerate driving mindset
- [Health]**
- Continuously implement healthy behavior on a workplace-wide basis
  - Have managing supervisors manage with consideration
  - Further enhance staff care and maintain and strengthen coordination with all workplaces

### Specific safety efforts

#### Accident prevention measures and education

In order to keep the safety of all people who have relationships with our company, we are working to identify dangers and concerns through various efforts. These include raising the safety awareness of employees and implementing safety efforts that protect not only ourselves but also colleagues, as well as risk assessments and danger prediction activities. By sharing information and making improvements, we are striving to prevent accidents through these efforts. Furthermore, as a means of supplementing the independent safety activities of our employees, we are conducting education, starting with legally designated education, but also with various innovations applied. In these ways, we are seeking to strengthen and enhance our safety management systems.

#### Thoroughly managing driver safety

For employees who would drive company cars, we provide education related to safe driving and practical training based on our own Vehicle Operator Certification System. After completion, we give them vehicle operator certifications, but we also conduct regular follow-up education and training.

Number of certified vehicle operators  
About **10,300**

We also systematically train some vehicle operators to be Safe Driving Instructors as we work to implement thorough safe driving management at every workplace.

#### Formulating accident recurrence prevention policies

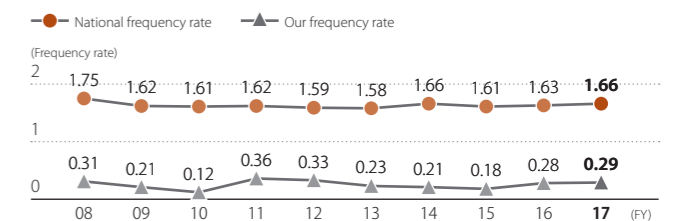
On the rare occasions when accidents occur, we formulate recurrence prevention policies based on the results of investigations and analyses in order to utilize them as “lessons.” By rolling these out consistently throughout the company, we are striving to achieve “zero accidents.”

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

Accident frequency rate\*  
**0.29**

\* This accident frequency rate represents the number of casualties from work accidents resulting in at least one day of absence from work per million hours of work.

#### Trend in accident frequency rate





CSR Action Principles

5

## Highly Transparent and Open Business Activities

In order to properly reflect social opinions in its business activities, to ensure fairness in the management of its business operations and to faithfully carry out its accountability to society through timely transmission and disclosure of information, the Kansai Electric Power Group will promote increased communication with all members of society and conduct business activities that are transparent and open.



## Enhancing communication with stakeholders

### Reflecting community opinions in our business activities

Through public relations and public consultation efforts, we are providing timely and appropriate information to our stakeholders, including our customers and members of society. In addition, we are endeavoring to have people understand the businesses of our company by conducting face-to-face communication using various opportunities.

Moreover, we are adding the opinions and requests that we receive from our stakeholders to our Danbo-no-Koe database. We strive to earn trust from our stakeholders by sharing these data among our management and other employees to improve our business activities.



POWER MOVIE 2017 introduces our company and business activities

### Information for shareholders and investors

We strive to provide information to investors and shareholders in a prompt, impartial manner. We provide data through a variety of means to domestic and international institutional investors, individual investors, public organizations, and a wide range of other interested parties. Our efforts to promote interactive communication include regular company briefings presented by the president, as well as regular meetings between executive officers, including the president, and domestic and overseas investors. Our management thus makes an active effort to engage in discussion with the investment community and incorporate feedback from the capital markets into our business operations.

Furthermore, we provide an overview of our businesses, management objectives, financial data and other information in a timely and appropriate manner using our corporate website and other means.



IR information (Kansai Electric Power website, updated as needed)

### Working with the media

Information reported by television and newspapers has a significant impact on customer perceptions of and attitudes toward our Company. We hold regular press conferences with our president and make other efforts to provide information actively to the media. At the same time, we respond rapidly and accurately to media inquiries to promote understanding of our business operations.



Press conference

### Sharing information through mass media

We utilize various forms of mass media to convey information about the business activities of our corporate group to customers and other members of society in a timely and appropriate manner.

We are taking advantage of the strengths of each type of media when providing information. For example, television commercials can convey information in an easy-to-understand manner with video and music while newspaper advertisements enable readers to view relatively large amounts of information.

By conveying useful information to customers and other members of society, we will continue working to build understanding of our company businesses.



Newspaper advertisement (placed December 2017)

### Information released on our website

Considering the diversification of the media environment, we are also focusing efforts on the utilization of social media. On Facebook and Twitter, we are focusing on actions at our workplaces, including images of our employees involved in the safe and stable provision of power. We are active on Instagram with the theme "light = warmth."



Instagram

Considering evaluations from third-party organizations and others, we improved our website with the goal of making it more attractive and easy to understand, updating it with a simple design. Enhancing the variety of content, with a focus on our attitudes and beliefs about safety, has led to an increase in the number of site accesses.

We released a video on the Internet called "Kurobe Dam—the future in their hands" (in Japanese). Since 2018 is the 60th anniversary of the opening of the Omachi Tunnel, we wanted to present the Kansai Electric Power Company fighting spirit that we applied during the construction of the Kurobe Dam along with our "power with heart" brand statement.

We will continue to use the Internet and try to communicate with even more people in the future.



"Kurobe Dam—the future in their hands" video (in Japanese)



5 Highly Transparent and Open Business Activities

Efforts to promote understanding about energy

We are actively working to help our stakeholders deepen their understanding about energy by, for example, conducting power plant tours and "on-site" classes as well as through the production of public relations tools.

Since November 2017, we have been utilizing virtual reality in our power plant tours to enable participants to visually experience the insides of reactor pressure vessel buildings and other places. We are also undertaking new efforts, including the public opening of the Keage Power Station, which has historical value as the first commercial hydroelectric power plant in Japan.

In addition, we are actively conducting "on-site" classes in which our employees visit elementary and junior high schools as lecturers to convey the importance of energy to the children who will be responsible for the future.

With manga artist Hiroshi Kinoshita and Kyoto Seika University, we have jointly produced manga booklets that present energy issues with humorous illustrations as a public relations tool with the goal of having even more people take an interest in energy.

Through various opportunities, we will continue striving to use diverse methods for unfolding efforts to promote understanding about energy among our stakeholders.



Keage Power Station, open to the public from March 2018

Disclosing information on our nuclear power stations

We utilize our website, newspaper advertising, and other means to disseminate information concerning our initiatives to enhance safety and reliability at our nuclear power plants.

In the *Echizen Wakasa no Fureai* local community magazine, we provide information related to nuclear power and the region to citizens of Fukui Prefecture.

We remain committed to proactively releasing information through a variety of means to restore public trust in nuclear power generation.



*Echizen Wakasa no Fureai*

Internal communication

We are striving to invigorate communication among employees, workplaces and group companies by sharing information that is important for management and that is related to our businesses. We do this so that each individual employee can receive the trust of stakeholders through face-to-face communication.

Our in-house newsletter, *The Kansai Denryoku Shimbun* (first published in 1959), offers a variety of detailed management and other information, with in-depth special features on particularly important subjects. In addition, we utilize our in-house TV and our in-house web portal to share information about our management plans and other topics.



Nuclear power plant tour using virtual reality

CSR Action Principles

6

Strict Enforcement of Compliance

In all aspects of its business activities, the Kansai Electric Power Group will comply with all laws and regulations, internal rules and business ethics and will ensure strict enforcement of compliance as the basis of our management. The Group as a whole will build the structure that should ensure these actual practices and will strive to maintain and improve its structure.



Promoting compliance activities with the entire group

Promoting compliance activities

In our corporate group, the Office of General Administration (legal), acting as our compliance headquarters, oversees compliance promotion for the entire group with guidance from the Compliance Committee, which is chaired by our company president.

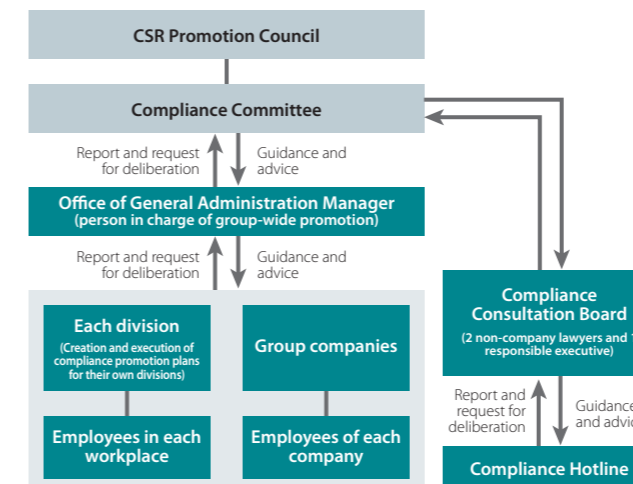
All divisions in our company and all of our group companies are promoting compliance independently, with their individual "compliance promotion plans" established by themselves according to the characteristics of their own businesses and work duties, utilizing the PDCA cycles under the leadership of their division heads, company presidents and others.

Efforts to promote compliance

For fiscal 2018, we have raised two fundamental policies for compliance promotion: "compliance promotion with increased sensitivity to cope with new business domains and dramatically changing business environments" and "reinforcement of awareness and behavior for strict observation of laws and rules in the development of each business." Moreover, we have selected four major themes for compliance promotion that we should think about and pursue as a whole corporate group. They are "thoroughness in the practice of fair competition," "thoroughness in appropriate behavior in cooperative industry relationships," "thoroughness in the execution of appropriate business management," and "thoroughness of conduct that demonstrates understanding of good social sense during and outside work."

Keeping in mind these fundamental policies and major themes, as a group-wide efforts, we will keep expressing our attitude toward thoroughness in compliance by messages from our top management, as well as conducting lectures related to the major themes, continuous information distribution via e-mail magazines and others. Through such efforts, we will cultivate the awareness of all group employees continuously.

Kansai Electric Power Group Compliance System



Results of questionnaire given to all employees on CSR (executed November 2017)

Are you acting with awareness of compliance on a daily basis? (responses from just our company)

"Yes." **95.3%**



**6 Strict Enforcement of Compliance**

**Promoting compliance independently according to the characteristics of each division and group company**

**Promoting compliance in each company division and group company**

By having each division and group company actively facilitate the functioning of PDCA cycles and promote compliance, we seek to have the idea that “compliance is a foundation of business” permeate and become established throughout the entire group.

Specifically, each division has created their own “compliance promotion plans” and is striving to implement, evaluate and improve their promotion efforts. When doing so, they are considering the company’s fundamental policies and major themes, the business and work characteristics of their divisions, and compliance risks that could occur in the future along with changes in the business environment, unacceptable incidents that occurred in the past both inside and outside the company, and other factors.

Furthermore, considering our fundamental policies and major themes, each of our group companies is independently promoting compliance based on the characteristics and sizes of their businesses, as well as other real conditions.

**Supporting the efforts of each division and group company**

In addition to guiding the promotion efforts of the group as a whole, our compliance headquarters is supporting the efforts of each division and group company.

For example, through the Compliance Manual, the headquarters specifically explains requirements based on laws, in-house rules, corporate ethics and other factors to which all executives and employees of our corporate group must comply or exercise caution. In addition, with a focus on content related to major themes, it develops educational discussion materials to contribute to the efforts of every division and group company and also conducts information exchanges related to compliance.



Compliance information exchange meeting for group companies

**Global compliance efforts**

In the “Establishment of new pillars for growth” of our Medium-term Management Plan, one of the pillars presented is “the dramatic growth of international businesses,” and our corporate group will continue to proactively develop international business in the future.

While pursuing this goal, we believe that we must also further deepen our compliance practices overseas in following local laws and rules and responding to the demands of societies, for example. Specifically, we will keep our minds on achieving thorough compliance as we continue striving to expand our businesses overseas. For example, we are clarifying matters to be observed strictly and prohibited acts, including exchanges of gifts and business entertainment conducted with improper intentions, by establishing in-house rules related to preventing the bribery of foreign civil servants and others. We are also undertaking training, awareness-raising and other efforts with the theme of preventing foreign corruption in our divisions and group companies that conduct business overseas and other international transactions.

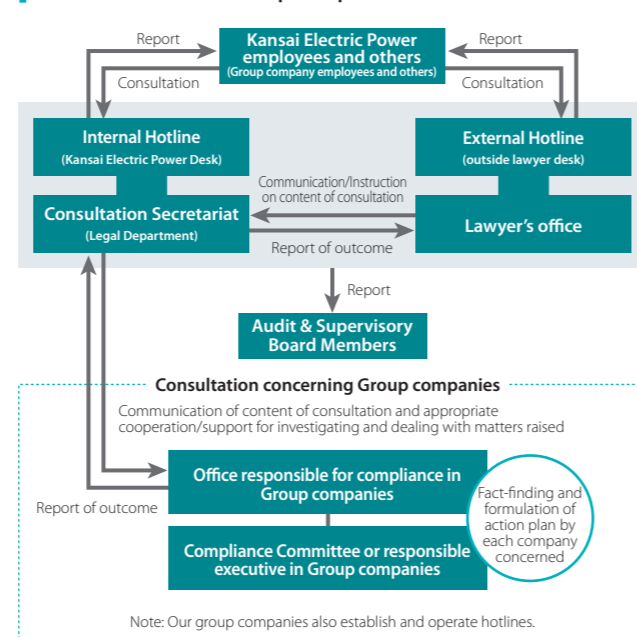
**Compliance Hotline**

The Compliance Hotline established by our company receives consultations when people have doubts related to compliance about their workplaces or work tasks, including various types of legal violations and improper work conduct at its workplace. This hotline is available not only to employees of our group companies but also to our contractors. This system enables us to collect a wider range of risk information. We are working to create an improved environment offering a more approachable service that can accept anonymous consultations and that allocates female consultants, for example. In addition, the Hotline provides compliance consultations to resolve problems after investigating the facts, if necessary.

No serious violations have been confirmed from consultations with the Compliance Hotline.



**Kansai Electric Power Group Compliance Hotline**

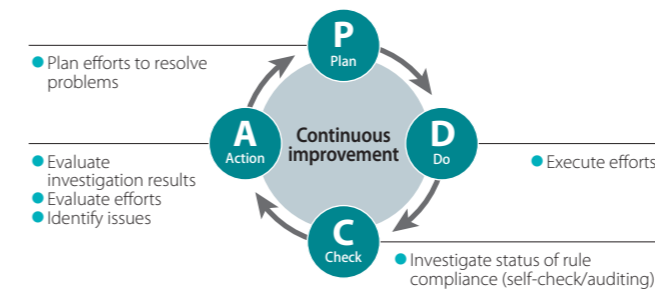


**Information security initiatives**

**Policies**

We believe that one duty of our company is to steadily advance information security efforts to ensure the safe and stable supply of power and to protect the customer information that we possess. While further strengthening countermeasures against cyber attacks, which have been growing in threat in recent years, we will continue promoting information security management based on PDCA cycles.

**Information security PDCA cycle**



**Efforts for cyber security measures**

As a major infrastructure operator in the electrical power business, we recognize that cyber attacks are one great threat and are undertaking a variety of measures in accordance with related laws, in-house regulations and other rules. We are continuing efforts to prepare for the occurrence of cyber attacks, including the incorporation of new technological countermeasures, trainings to respond to incidents resulting from hypothetical cyber attacks, as well as training related to cyber attacks and practice with targeted threat emails for employees.

Moreover, since cyber attack methods are evolving daily, we are building cyber security measures based on the latest information. For example, through the activities of the Japan Electricity Information Sharing and Analysis Center, which is an organization that undertakes the sharing and analysis of cyber attack information among electric power businesses, we are gathering information about cyber attacks that occur outside our company and the latest security information.

Furthermore, since cyber security threats to control systems have increased in recent years, we are working to strengthen risk countermeasures and have built a control security management promotion system comprised of our Information Security Office and our engineering divisions that manage control systems.

**Initiatives for protecting personal information**

We are strictly following internal rules related to personal information protection that we prepared based on the Personal Information Protection Law and various other laws and guidelines. An incident in which a DVD containing customer information was lost occurred in April 2017. In order to prevent the same kind of incident from ever occurring again, we will continue to spread and deepen understanding of the management of external storage media that contain personal information and pursue strict information management.

Furthermore, considering the implementation of the General Data Protection Regulation (GDPR) in the EU in May 2018, we have established rules for handling personal information within the EU region.

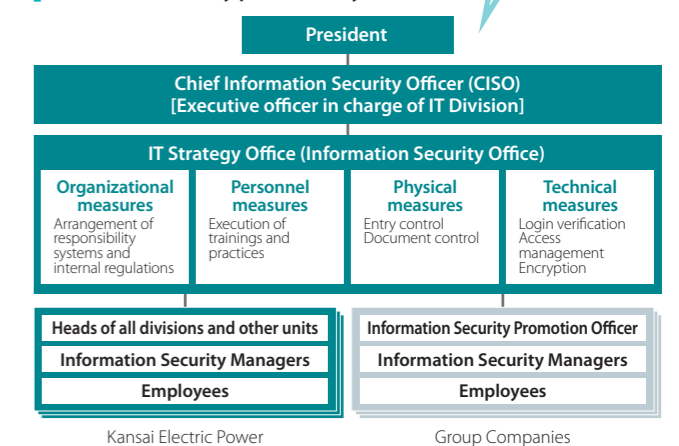
**Information security promotion system for the entire group**

In our corporate information security promotion system, we have a Chief Information Security Officer (CISO) and deploy Information Security Managers to promote efforts in each workplace.

In addition, our group companies are undertaking independent efforts based on the Kansai Electric Power Group Information Security Guidelines, which are the information security guidelines for the entire group. With this and other guidance and support from our company, we are raising the security level of the entire group.



**Information security promotion system**



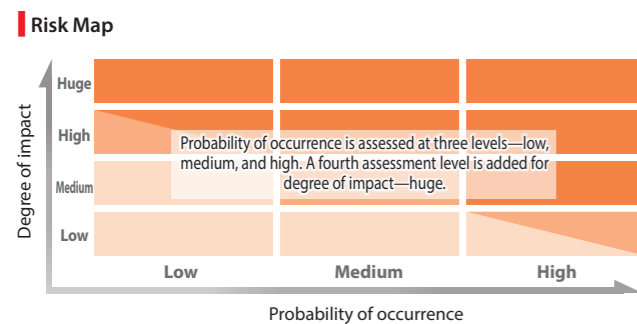






The Risk Management Committee periodically identifies and evaluates the status of risk management in our operating divisions from a holistic company perspective and gives instructions for improvement as necessary. In addition, for the major risks that could have large impacts on the business activities of our corporate group, we evaluate their seriousness based on degrees of impact and probabilities of occurrence and indicate them on a risk map. This allows us to understand and manage them with a comprehensive view. We also apply these evaluation results to establishing company policies for the next fiscal year.

The Committee periodically reports its risk management findings to the Executive Meeting and the Board of Directors. If necessary, it improves the structure and system of risk management.



**Nuclear Safety Enhancement Committee**

The Nuclear Safety Enhancement Committee, composed of directors of all divisions, was set up to enhance the safety of nuclear power on a company-wide basis. The Committee has evaluated situation of implementation on the recurrence prevention measures of the accident at Mihama Nuclear Power Station Unit 3 and activities to foster a safety culture. After the accident at Tokyo Electric Power’s Fukushima Daiichi Nuclear Power Station, the function of the Committee was extended to evaluate voluntary and continuous activities for safety in nuclear power generation. These have been discussed from a wide range of perspectives. The conclusion on the Committee has reported to the president.

**Nuclear Safety Verification Committee**

The Nuclear Safety Verification Committee, composed mainly of outside experts, has validated situation of implementation on the recurrence prevention measures of the accident at Mihama Nuclear Power Station Unit 3. It also has provided opinions and advice about our activities to foster a safety culture, as well as our voluntary and continuous activities for safety in nuclear power generation considering the accident at Tokyo Electric Power’s Fukushima Daiichi Nuclear Power Station from an independent perspective. Through continuous improvements based on the Committee’s opinions and advices, we will make best effort to ensure retaining nuclear safety.

**Internal Auditing Committee**

Kansai Electric Power has established an Internal Auditing Committee whose functions are to share and deliberate a broad range of management issues relating to quality and safety, secure views and information from outside the Company, and maintain proper internal auditing of the Kansai Electric Power Group as a whole from an impartial and specialized standpoint.

Furthermore, we established the Office of Internal Auditing as an organization responsible for internal auditing. This office regularly audits the arrangement and operation of systems for the assurance of business propriety. Plans for internal auditing and their results are submitted and reported to the Executive Meeting after deliberation by the Internal Auditing Committee. Results are also reported to the Board of Directors. In addition, we are endeavoring to ensure business propriety by, for example, each workplace conducting necessary improvement activities based on the results of audits.

As the vital overseers of corporate governance, the Office of Internal Auditing, Audit & Supervisory Board Members, and accounting auditors consult with one another, at their discretion, in the performance of their auditing duties. They also maintain close ties to facilitate the exchanging of views regarding auditing plans, audit results, and other issues.

**Ensuring business soundness as a corporate group**

We try to instill in our subsidiaries the basic approaches to management and action standards that are embodied in, for example, our Management Philosophy, our Guidelines for Action, the Kansai Electric Power Group Vision and the Kansai Electric Power Group CSR Action Charter. In addition, we ensure the propriety of our corporate group’s business activities at our subsidiaries by supporting them and providing advice on the arrangement of their autonomous management structures based on our internal regulations related to subsidiary management.

We also strive to prevent any losses to the corporate value of the Group as a whole, or at least keep them to a minimum, by participating in important decision-making by our subsidiaries, and periodically checking on their management status. In addition, our executive meeting deliberates execution directions and plans for important business, particularly for the core companies responsible for businesses that are the pillars for the future growth of the Group.

**Directors and Auditors**



**Makoto Yagi\***  
Chairman and Director



**Shigeki Iwane\***  
President and Director

As of June 27, 2018  
\* Indicates status as representative director  
\*\* Indicates status as outside director  
\*\*\* Indicates status as outside auditor



**Hideki Toyomatsu\***  
Director,  
Executive Vice President



**Yoshihiro Doi\***  
Director,  
Executive Vice President



**Takashi Morimoto\***  
Director,  
Executive Vice President



**Tomio Inoue\***  
Director,  
Executive Vice President



**Toyokazu Misono\***  
Director,  
Executive Vice President

Directors  
Managing Executive Officers

**Yasushi Sugimoto**  
**Tomihiko Oishi**  
**Yasuji Shimamoto**  
**Koji Inada**

Outside Directors

**Noriyuki Inoue\*\***  
**Takamune Okihara\*\***  
**Tetsuya Kobayashi\*\***

Audit & Supervisory  
Board Members

**Yasuhiro Yashima**  
**Yasunari Tamura**  
**Yukishige Higuchi**

Outside  
Audit & Supervisory  
Board Members

**Takaharu Dohi\*\*\***  
**Hisako Makimura\*\*\***  
**Tsutomu Toichi\*\*\***  
**Fumio Otsubo\*\*\***

**Reasons for outside director appointments**

Name	Appointment reason
<b>Noriyuki Inoue</b>	He was appointed as an outside director so that his rich experience and knowledge as a business manager could be applied to the management of our company.
<b>Takamune Okihara</b>	He was appointed as an outside director so that his rich experience and knowledge as a financial institution manager could be applied to the management of our company.
<b>Tetsuya Kobayashi</b>	He was appointed as an outside director so that his rich experience and knowledge as a business manager could be applied to the management of our company.

We designate these directors as independent officers since they meet the requirements for independent officers set by the Tokyo Stock Exchange, Inc. and they are outside directors with no fear of creating conflicts of interest with ordinary shareholders.

**Reasons for outside auditor appointments**

Name	Appointment reason
<b>Takaharu Dohi</b>	He was appointed as an external auditor so that his rich experience and knowledge as a lawyer could be applied to the auditing of our company.
<b>Hisako Makimura</b>	She was appointed as an external auditor so that her rich experience and knowledge as an academic could be applied to the auditing of our company.
<b>Tsutomu Toichi</b>	He was appointed as an external auditor so that his rich experience and knowledge as a researcher could be applied to the auditing of our company.
<b>Fumio Otsubo</b>	He was appointed as an external auditor so that his rich experience and knowledge as a business manager could be applied to the auditing of our company.

We designate these auditors as independent officers since they meet the requirements for independent officers set by the Tokyo Stock Exchange, Inc. and they are outside auditors with no fear of creating conflicts of interest with ordinary shareholders.

**Executive Officers**

Managing Executive Officers

**Ikuo Morinaka** **Takao Matsumura** **Masanori Kataoka** **Susumu Yamaji** **Nozomu Ushiro** **Yukio Tokimasa**  
**Takashi Fukuda** **Susumu Tsukiyama** **Yoshihide Hirota** **Hiroshi Nakajima** **Yukio Kawasaki**

Note: Excludes those serving concurrently as directors and executive officers



# Financial and Corporate Information

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

Consolidated Financial Statements for the  
Year Ended March 31, 2018, and  
Independent Auditor's Report



**ASSETS**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
<b>PROPERTY:</b>			
Utility plant and equipment .....	<b>¥ 14,741,988</b>	¥ 14,774,598	<b>\$ 138,722,013</b>
Other plant and equipment (Note 8) .....	<b>2,020,597</b>	1,861,206	<b>19,013,810</b>
Construction in progress (Note 8) .....	<b>457,442</b>	458,850	<b>4,304,529</b>
Contributions in aid of construction .....	<b>(485,895)</b>	(482,557)	<b>(4,572,270)</b>
Accumulated depreciation and amortization .....	<b>(12,301,087)</b>	(12,150,408)	<b>(115,753,155)</b>
Plant and equipment - net (Note 5) .....	<b>4,433,045</b>	4,461,689	<b>41,714,927</b>
Nuclear fuel, net of amortization (Note 2.d) .....	<b>494,124</b>	481,371	<b>4,649,706</b>
Property - net .....	<b>4,927,169</b>	4,943,061	<b>46,364,633</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities (Notes 6, 8 and 17) .....	<b>232,870</b>	210,605	<b>2,191,308</b>
Investments in and advances to associated companies (Note 8) .....	<b>431,764</b>	401,610	<b>4,062,902</b>
Special account related to nuclear power decommissioning (Notes 2.n and 3) .....	<b>78,332</b>	26,598	<b>737,111</b>
Special account related to reprocessing of spent nuclear fuel (Note 2.j) .....	<b>25,168</b>		<b>236,839</b>
Deferred tax assets (Note 13) .....	<b>334,601</b>	375,101	<b>3,148,600</b>
Other assets (Note 8) .....	<b>153,891</b>	124,140	<b>1,448,120</b>
Total investments and other assets .....	<b>1,256,630</b>	1,138,055	<b>11,824,882</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Notes 8 and 17) .....	<b>144,176</b>	130,820	<b>1,356,703</b>
Receivables (Notes 8 and 17) .....	<b>297,999</b>	284,835	<b>2,804,176</b>
Allowance for doubtful accounts .....	<b>(2,859)</b>	(2,437)	<b>(26,905)</b>
Inventories (Notes 7 and 8) .....	<b>129,127</b>	122,818	<b>1,215,085</b>
Deferred tax assets (Note 13) .....	<b>68,272</b>	72,009	<b>642,443</b>
Other current assets (Notes 6, 8 and 17) .....	<b>164,571</b>	164,019	<b>1,548,615</b>
Total current assets .....	<b>801,288</b>	772,065	<b>7,540,118</b>
<b>TOTAL</b> .....	<b>¥ 6,985,088</b>	¥ 6,853,182	<b>\$ 65,729,635</b>

See notes to consolidated financial statements.

**LIABILITIES AND EQUITY**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt, less current maturities (Notes 8 and 17) .....	<b>¥ 2,783,359</b>	¥ 2,843,448	<b>\$ 26,191,399</b>
Liability for retirement benefits (Note 9) .....	<b>367,875</b>	360,362	<b>3,461,703</b>
Asset retirement obligations (Notes 2.k and 10) .....	<b>444,302</b>	436,483	<b>4,180,882</b>
Deferred tax liabilities (Note 13) .....	<b>1,346</b>	1,632	<b>12,674</b>
Other long-term liabilities .....	<b>255,191</b>	285,354	<b>2,401,351</b>
Total long-term liabilities .....	<b>3,852,076</b>	3,927,280	<b>36,248,011</b>
<b>CURRENT LIABILITIES:</b>			
Current maturities of long-term debt (Notes 8 and 17) .....	<b>636,331</b>	721,943	<b>5,987,878</b>
Short-term borrowings (Notes 11 and 17) .....	<b>300,226</b>	269,524	<b>2,825,128</b>
Notes and accounts payable (Notes 8 and 17) .....	<b>183,525</b>	172,652	<b>1,726,975</b>
Accrued income taxes (Note 17) .....	<b>14,471</b>	5,622	<b>136,179</b>
Accrued expenses and other current liabilities .....	<b>496,710</b>	384,010	<b>4,674,042</b>
Total current liabilities .....	<b>1,631,266</b>	1,553,753	<b>15,350,204</b>
RESERVE FOR FLUCTUATIONS IN WATER LEVEL .....	<b>28,948</b>	27,452	<b>272,401</b>
<b>COMMITMENTS AND CONTINGENCIES (Notes 15 and 20)</b>			
<b>EQUITY (Note 12):</b>			
Common stock - authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2018 and 2017 .....	<b>489,320</b>	489,320	<b>4,604,504</b>
Capital surplus .....	<b>66,725</b>	66,726	<b>627,882</b>
Retained earnings .....	<b>904,806</b>	788,674	<b>8,514,222</b>
Treasury stock - at cost: 45,372,355 shares in 2018 and 45,317,079 shares in 2017 .....	<b>(96,504)</b>	(96,424)	<b>(908,108)</b>
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities .....	<b>91,135</b>	81,037	<b>857,584</b>
Deferred loss on derivatives under hedge accounting .....	<b>(3,369)</b>	(3,894)	<b>(31,706)</b>
Foreign currency translation adjustments .....	<b>11,016</b>	13,433	<b>103,663</b>
Defined retirement benefit plans .....	<b>(9,041)</b>	(16,209)	<b>(85,083)</b>
Total .....	<b>1,454,087</b>	1,322,663	<b>13,682,958</b>
Noncontrolling interests .....	<b>18,709</b>	22,032	<b>176,059</b>
Total equity .....	<b>1,472,797</b>	1,344,696	<b>13,859,017</b>
<b>TOTAL</b> .....	<b>¥ 6,985,088</b>	¥ 6,853,182	<b>\$ 65,729,635</b>

See notes to consolidated financial statements.







## Financial and Corporate Information | Consolidated Statement of Changes in Equity

 The Kansai Electric Power Company, Incorporated and Its Subsidiaries  
 Year Ended March 31, 2018

	Millions of Yen											
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
						Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
<b>BALANCE, APRIL 1, 2016</b>	938,733,028	¥ 489,320	¥ 66,634	¥ 648,154	¥ (96,492)	¥ 85,930	¥ (8,244)	¥ 17,726	¥ (24,365)	¥ 1,178,665	¥ 23,165	¥ 1,201,831
Net income attributable to owners of the parent				140,789						140,789		140,789
Change of scope of consolidation				(269)						(269)		(269)
Change in ownership interest of parent due to transactions with noncontrolling interests			92							92		92
Purchase of treasury stock					(41)					(41)		(41)
Disposal of treasury stock					109					108		108
Net change in the year						(4,893)	4,349	(4,292)	8,155	3,319	(1,133)	2,186
<b>BALANCE, MARCH 31, 2017</b>	938,733,028	489,320	66,726	788,674	(96,424)	81,037	(3,894)	13,433	(16,209)	1,322,663	22,032	1,344,696
Cash dividends, ¥40 per share				(35,747)						(35,747)		(35,747)
Net income attributable to owners of the parent				151,880						151,880		151,880
Change of scope of consolidation												
Purchase of treasury stock					(83)					(83)		(83)
Disposal of treasury stock			(1)		3					2		2
Transfer to capital surplus from retained earnings			1	(1)								
Capital increase of consolidated subsidiaries			(1)							(1)		(1)
Net change in the year						10,097	525	(2,417)	7,168	15,373	(3,322)	12,050
<b>BALANCE, MARCH 31, 2018</b>	938,733,028	¥ 489,320	¥ 66,725	¥ 904,806	¥ (96,504)	¥ 91,135	¥ (3,369)	¥ 11,016	¥ (9,041)	¥ 1,454,087	¥ 18,709	¥ 1,472,797

	Thousands of U.S. Dollars (Note 1)											
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity	
					Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans				
<b>BALANCE, MARCH 31, 2017</b>	\$ 4,604,504	\$ 627,897	\$ 7,421,418	\$ (907,353)	\$ 762,565	\$ (36,649)	\$ 126,412	\$ (152,535)	\$ 12,446,259	\$ 207,327	\$ 12,653,586	
Cash dividends, \$0.38 per share			(336,384)							(336,384)		(336,384)
Net income attributable to owners of the parent			1,429,198							1,429,198		1,429,198
Change of scope of consolidation												
Purchase of treasury stock				(784)						(784)		(784)
Disposal of treasury stock		(9)		28						19		19
Transfer to capital surplus from retained earnings		9	(9)									
Capital increase of consolidated subsidiaries		(14)								(14)		(14)
Net change in the year					95,019	4,942	(22,749)	67,451	144,664	(31,267)		113,396
<b>BALANCE, MARCH 31, 2018</b>	\$ 4,604,504	\$ 627,882	\$ 8,514,222	\$ (908,108)	\$ 857,584	\$ (31,706)	\$ 103,663	\$ (85,083)	\$ 13,682,957	\$ 176,059	\$ 13,859,017	

See notes to consolidated financial statements.

## Financial and Corporate Information | Consolidated Statement of Cash Flows

 The Kansai Electric Power Company, Incorporated and Its Subsidiaries  
 Year Ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2018	2017	2018
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes	¥ 215,608	¥ 197,160	\$ 2,028,871
Adjustments for:			
Income taxes - paid	(15,210)	(31,179)	(143,133)
Depreciation and amortization	340,287	368,768	3,202,105
Decommissioning cost of nuclear power units	13,275	10,120	124,918
Depreciation of special account related to nuclear power decommissioning	1,845	748	17,365
Amortization of nuclear fuel	11,795		110,995
Loss on disposal of property, plant, and equipment	10,325	10,719	97,165
Nuclear fuel transferred to reprocessing costs		6,781	
Changes in assets and liabilities:			
Decrease in reserve fund for reprocessing of irradiated nuclear fuel		29,009	
Increase in receivables	(36,245)	(10,691)	(341,066)
Decrease in interest and dividends receivable	4,773	7,001	44,921
Increase in notes and accounts payable	3,202	2,293	30,136
Increase (decrease) in consumption taxes payable	60,782	(56,151)	571,960
Decrease in interest payable	(1,236)	(1,142)	(11,631)
Increase in liability for retirement benefits	15,941	13,405	150,006
Increase (decrease) in reserve for fluctuations in water level	1,495	(1,034)	14,076
Decrease in reserve for reprocessing of irradiated nuclear fuel		(16,383)	
Other - net	(3,375)	(43,755)	(31,759)
Total adjustments	407,658	288,509	3,836,059
Net cash provided by operating activities	623,266	485,669	5,864,931
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant, and equipment	(398,028)	(338,126)	(3,745,450)
Payments for investments and advances	(58,829)	(37,630)	(553,585)
Proceeds from sales of investments or collections of advances	14,355	8,437	135,082
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(20,492)		(192,829)
Other - net	15,757	21,569	148,281
Net cash used in investing activities	(447,237)	(345,749)	(4,208,500)
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issuance of bonds	249,465	179,436	2,347,467
Proceeds from long-term debt (exclusive of bonds)	326,092	237,010	3,068,531
Proceeds from short-term loans	273,282	303,512	2,571,582
Proceeds from issuance of commercial papers	404,000	380,000	3,801,637
Redemption of bonds	(331,100)	(259,700)	(3,115,648)
Repayments of long-term debt (exclusive of bonds)	(390,337)	(401,861)	(3,673,073)
Repayments of short-term loans	(282,667)	(297,435)	(2,659,902)
Repayments of commercial papers	(364,000)	(266,000)	(3,425,237)
Dividends paid	(35,674)	(93)	(335,697)
Other - net	(11,337)	(5,322)	(106,687)
Net cash used in financing activities	(162,277)	(130,359)	(1,527,028)
<b>NET CASH USED IN OPERATING, INVESTING, AND FINANCING ACTIVITIES</b>	<b>13,751</b>	<b>9,560</b>	<b>129,402</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(394)</b>	<b>(1,765)</b>	<b>(3,715)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>13,356</b>	<b>7,795</b>	<b>125,687</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>130,820</b>	<b>123,025</b>	<b>1,231,024</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>¥ 144,176</b>	<b>¥ 130,820</b>	<b>\$ 1,356,703</b>

See notes to consolidated financial statements.



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

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

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

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Kansai Electric Power Company, Incorporated (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.27 to \$1, the approximate rate of exchange at March 31, 2018. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Principles of Consolidation and Accounting for Investments in Associated Companies**

The consolidated financial statements as of March 31, 2018, include the accounts of the Company and all (69 in 2018 and 62 in 2017) subsidiaries (collectively, the "Companies").

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

Investments in four (four in 2017) associated companies are accounted for by the equity method. Investments in the remaining associated companies are stated at cost. Had the equity method been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would be immaterial.

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

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

**b. Subsidiaries' Fiscal Year End** - The fiscal year end of seven subsidiaries is December 31. The Company consolidates such subsidiaries' financial statements using their financial results for the year ended December 31. The effects of any significant transactions during the period between the subsidiaries' fiscal year end and the Company's fiscal year end are reflected in the consolidated financial statements.

**c. Business Combination** - Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

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

Depreciation is principally computed by the declining-balance method based on the estimated useful lives of the assets.

Amortization of nuclear fuel is computed based on the quantity of heat produced for the generation of electricity. Accumulated amortization of nuclear fuel at March 31, 2018 and 2017, was ¥68,959 million (\$648,907 thousand) and ¥86,143 million, respectively.

**e. Impairment of Fixed Assets** - The Companies review their fixed assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset

group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

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

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

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

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

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

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

The Companies account for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

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

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

**j. Cost of Reprocessing of Irradiated Nuclear Fuel** - The Company records the amount of contribution set forth in Paragraph 1 of Article 4 of the "Act for Partial Revision of the Irradiated Nuclear

Fuel Reprocessing Fund Act" (Act No. 40, 2016; the "Revised Act") (except for the amount of contribution set forth in No. 1 of Paragraph 4 of Article 2 of the Revised Act as the contribution to manufacturing process which is related to reprocessing of irradiated nuclear fuel) as electric operating expenses according to the volume of irradiated nuclear fuel, which is generated from operation of the nuclear power plants, in accordance with Paragraph 2 of said Article 4.

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

With regard to the unrecognized amount of ¥82,953 million (\$780,588 thousand) at the time of enforcement of the Revised Act out of ¥312,810 million (\$2,943,543 thousand) (the difference which resulted from the change in the accounting standard relating to Reserve for reprocessing of irradiated nuclear fuel in 2005) set forth in Article 2 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 92, in 2005), the Company has paid and will pay such amount in installments in each fiscal year up to 2019 in accordance with Paragraph 1 of Article 6 of Supplementary Provisions of the Revised Act, and the Company has recorded and will record the amount paid in each fiscal year as expenses in accordance with Article 4 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 94, in 2016). The unrecognized amount of difference which occurred in connection with the change in the accounting standard was ¥41,476 million (\$390,294 thousand) as of March 31, 2018.

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



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

On April 1, 2018, the "Ministry Order Relating to Reserves for Decommissioning of Nuclear Power Plants" (Ordinance Ministry of International Trade and Industry No. 30, 1989; "Ordinance of Decommissioning") was revised, following the enforcement of the "Ordinance to Partially Revise the Ordinance on Reserves for Scrapping Nuclear Power Plants" (Ordinance of the Ministry of Economy, Trade and Industry No. 17, 2018; "Revised Ordinance").

For the assets equal to asset retirement obligations related to the decommissioning of a specific nuclear power unit, among the nuclear power production facilities, costs are accounted for in accordance with the Ordinance of Decommissioning. Although the accounting period was defined as throughout the expected safe storage period and the expected operating period in the past, the Revised Ordinance defines the accounting period as the period from the month in which a specific nuclear power unit was utilized for power production for the first time after its completion (hereinafter referred to as the "Starting Month of Utilization"), to the month in which a period of 40 years elapses (or the month in which the final day of an extension falls, if the operation period was extended based on the Paragraph 2 of Article 43-3-32; "the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material, and Reactors [Law No. 166, 1957]").

Also, the accounting period for decommissioning nuclear reactors associated with a specific nuclear power unit has been revised to the period from the Starting Month of Utilization to the month in which the day the total cost estimation in accordance with the provisions of Paragraph 1, Article 5 of the Ordinance of Decommissioning was approved. However, if an application for extending the reserve funding period based on Paragraph 3, Article 5 of the Ordinance of Decommissioning was filed, the period ends in the month in which a period of 10 years elapses from the month in which the day of decommissioning falls (or, if the reactor was decommissioned by the day before the enforcement of the Revised Ordinance, in the month 10 years from the month of decommissioning (or 50 years from the Starting Month of Utilization, if the day of decommissioning was past the 40 years mark from the Starting Month of Utilization)).

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

**m. Leases**

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

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued. Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's consolidated financial statements. The revised accounting standard permits leases that existed at the transition date and that do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions with certain "as if capitalized" information disclosed in the notes to the lessee's consolidated financial statements.

The Companies applied the revised accounting standard effective April 1, 2008. In addition, the Companies continue to account for leases that existed at the transition date and that do not transfer ownership of the leased property to the lessee as operating lease transactions. However, the Companies do not disclose "as if capitalized" information because there is an immaterial effect on the consolidated financial statements.

All other leases are accounted for as operating leases.

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

All other leases are accounted for as operating leases.

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

- The Special account related to nuclear power decommissioning shall be amortized in relation to the collection of the regulated power fees after the date of approval of the Ministry of Economy, Trade and Industry pursuant to Article 7 of Supplementary Provisions of Ministry Order Relating to the Partial Revision of the Ordinance on Accounting at Electricity Utilities (Ordinance of the Ministry of Economy, Trade and Industry No. 50, 2016).

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

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

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

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

**r. Derivatives and Hedging Activities** - The Companies principally use foreign exchange forward contracts, currency swaps, interest rate swaps, and commodity swaps in the normal course of business to manage their exposures to fluctuations in foreign exchange, interest rates, fuel prices, and so on. The Companies do not enter into derivatives for trading or speculative purposes. Derivative financial instruments are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and (2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until maturity of the hedged transactions.

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

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

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

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

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

**u. New Accounting Pronouncement** - On March 30, 2018, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

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

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

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



### 3. DECISION TO DECOMMISSION OHI NUCLEAR POWER STATION UNITS 1 AND 2 AND SUBMISSION OF APPLICATION FOR APPROVAL OF SPECIFIED ASSETS FOR NUCLEAR POWER AND SPECIAL ACCOUNT RELATED TO NUCLEAR POWER DECOMMISSIONING BASED ON THE ORDINANCE ON ACCOUNTING AT ELECTRICITY UTILITIES

On December 22, 2017, the Company decided to decommission the Ohi Nuclear Power Station Units 1 and 2 and, on the same day, submitted applications to the Minister of Economy, Trade and Industry for approval of specified assets for nuclear power and special account related to nuclear power decommissioning based on Paragraph 2 of Article 28-2 and Paragraph 2 of Article 28-3; the "Ordinance on Accounting at Electricity Utilities."

Accordingly, the Company continues to post ¥25,460 million (\$239,584 thousand) for the book value of assets described below in item (A), which is hereinafter referred to as "Book Value of Specified Assets for Nuclear Power," to the Nuclear power production facilities or the Construction in progress: (A) in an attempt to decommission nuclear reactors under operation, fixed assets described below in 2 items (i) and (ii) including fixed assets posted to the Construction in progress (limited to those to be completed after decommissioning) and excluding assets equal to asset retirement obligations: (i) fixed assets contaminated by nuclear fuel materials (in accordance with Paragraph 2 of Article 3; the "Atomic Energy Basic Act") as a result of the operation of nuclear reactors and (ii) fixed assets for which control of maintenance is necessary even after nuclear reactors are decommissioned.

In addition, the Company has posted or transferred ¥38,198 million (\$359,450 thousand) for the book value of assets described below in item (B) and ¥15,381 million (\$144,737 thousand) for the equivalent of costs described below in item (C) to the Special account related to nuclear power decommissioning: (B) in an attempt to decommission nuclear reactors under operation, the book value of assets described below in item (iii) and of nuclear fuel used for nuclear reactors excluding the estimated disposal price: (iii) the book value of fixed assets for which control of maintenance is necessary even after nuclear reactors are decommissioned, excluding the Book Value of Specified Assets for Nuclear Power and including the book value of fixed assets posted to Construction in progress (limited to those not to be completed after decommissioning), and (C) the Cost of reprocessing of irradiated nuclear fuel (excluding the Cost of reprocessing of irradiated nuclear fuel related to past years' power generation) and costs necessary for separating the components of the nuclear fuel, both generated in connection with decommissioning of the nuclear reactors.

### 4. CHANGES IN PRESENTATION

"Gain on sales of property, plant, and equipment" was disclosed separately in OTHER (INCOME) EXPENSES of the consolidated statement of income for the year ended March 31, 2017. Since the amount decreased significantly, such amount is included in "Other – net" within OTHER (INCOME) EXPENSES of the consolidated statement of income for the year ended March 31, 2018. The amount included in "Gain on sales of property, plant, and equipment" for the year ended March 31, 2017 was ¥15,311 million.

"Dividends paid" was included in "Other – net" within FINANCING ACTIVITIES of the consolidated statement of cash flows for the year ended March 31, 2017. Since the amount increased significantly, such amount is disclosed separately within FINANCING ACTIVITIES of the consolidated statement of cash flows for the year ended March 31, 2018. The amount included in "Other – net" for the year ended March 31, 2017 was ¥(93) million.

### 5. PLANT AND EQUIPMENT

Plant and equipment, at carrying value, at March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Hydroelectric power production facilities .....	¥ 294,175	¥ 290,593	\$ 2,768,188
Thermal power production facilities .....	414,312	452,947	3,898,678
Nuclear power production facilities .....	344,032	350,749	3,237,345
Transmission facilities .....	819,294	850,856	7,709,552
Transformation facilities .....	416,948	402,961	3,923,481
Distribution facilities .....	811,479	818,171	7,636,016
General facilities .....	100,412	106,287	944,880
Other utility facilities .....	21,624	22,905	203,487
Other plant and equipment .....	753,323	707,364	7,088,767
Construction in progress .....	457,442	458,850	4,304,529
<b>Total .....</b>	<b>¥ 4,433,045</b>	<b>¥ 4,461,689</b>	<b>\$ 41,714,927</b>

The Book Value of Specified Assets for Nuclear Power is included in nuclear power production facilities, which amounted to ¥38,671 million (\$363,900 thousand) and ¥18,685 million as of

March 31, 2018 and 2017, respectively. Information related to The Book Value of Specified Assets for Nuclear Power is included in Note 3.

### 6. INVESTMENT SECURITIES

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

at March 31, 2018 and 2017, is as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2018</b>				
Securities classified as:				
Available for sale:				
Equity securities .....	¥ 68,156	¥ 108,245	¥ (138)	¥ 176,263
Debt securities .....	399	22		422
Held-to-maturity debt securities .....	2,147	55	(2)	2,200
<b>March 31, 2017</b>				
Securities classified as:				
Available for sale:				
Equity securities .....	¥ 69,185	¥ 97,395	¥ (270)	¥ 166,310
Debt securities .....	470	31		501
Held-to-maturity debt securities .....	3,788	87	(7)	3,868
<b>March 31, 2018</b>				
Securities classified as:				
Available for sale:				
Equity securities .....	\$ 641,351	\$ 1,018,586	\$ (1,302)	\$ 1,658,635
Debt securities .....	3,762	210		3,972
Held-to-maturity debt securities .....	20,210	522	(28)	20,704



**7. INVENTORIES**

Inventories at March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Merchandise and finished products	¥ 4,377	¥ 4,879	\$ 41,187
Work in process	7,837	8,111	73,753
Raw materials and supplies	73,199	70,572	688,805
Real estate for sale	43,712	39,254	411,338
<b>Total</b>	<b>¥ 129,127</b>	<b>¥ 122,818</b>	<b>\$ 1,215,085</b>

**8. LONG-TERM DEBT**

Long-term debt at March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>Secured bonds:</b>			
0.21% to 2.925%, due serially through 2036			
The Company	¥ 1,239,797	¥ 1,320,888	\$ 11,666,487
Subsidiaries	200		1,881
(Nonrecourse debt included above)	100		940
<b>Secured loans principally from the Development Bank of Japan:</b>			
0.4% to 3.15% maturing serially through 2027:			
The Company	320,386	318,126	3,014,831
Subsidiaries	3,897	3,697	36,679
(Nonrecourse debt included above)	900		8,468
<b>Unsecured loans from banks, insurance companies, and other sources:</b>			
0.07% to 3.8% (0.05% to 4.69% in 2017) maturing serially through 2037	1,843,732	1,909,314	17,349,508
Obligations under finance leases	11,677	13,365	109,888
<b>Total</b>	<b>3,419,691</b>	<b>3,565,391</b>	<b>32,179,277</b>
Less current maturities	636,331	721,943	5,987,878
<b>Long-term debt, less current maturities</b>	<b>¥ 2,783,359</b>	<b>¥ 2,843,448</b>	<b>\$ 26,191,399</b>

Annual maturities of long-term debt at March 31, 2018, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
	2018	2018
2019	¥ 636,331	\$ 5,987,878
2020	524,417	4,934,767
2021	537,639	5,059,181
2022	534,479	5,029,445
2023	250,216	2,354,536
2024 and thereafter	936,607	8,813,468
<b>Total</b>	<b>¥ 3,419,691</b>	<b>\$ 32,179,277</b>

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

The carrying amounts of subsidiaries' assets pledged as

collateral for notes and accounts payable of ¥2,297 million (\$21,618 thousand) and the above secured loans at March 31, 2018, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2018	2018
Other plant and equipment	¥ 39,263	\$ 369,471
Construction in progress	269	2,539
Other assets	165	1,559
Cash and cash equivalents	2,454	23,093

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

term debt from financial institutions, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2018	2018
Other plant and equipment	¥ 9,096	\$ 85,598
Construction in progress	26,573	250,058
Investment securities	3,782	35,595
Investments in and advances to associated companies	55,085	518,350
Other assets	10,417	98,028
Cash and cash equivalents	369	3,480
Receivables	1,726	16,249
Inventories	222	2,091
Other current assets	506	4,767



**9. RETIREMENT AND PENSION PLAN**

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

Under most circumstances, employees terminating their employment with the Companies, either voluntarily or upon reaching the mandatory retirement age, are entitled to retirement benefits based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are

made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee.

In addition, certain consolidated subsidiaries participate in a contributory multiemployer pension plan covering substantially all of their employees.

1. The changes in defined benefit obligation for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Balance at beginning of year (as restated)	¥ 362,009	¥ 361,483	\$ 3,406,503
Current service cost	13,760	14,038	129,490
Interest cost	3,474	3,571	32,690
Actuarial gains	5,435	1,266	51,146
Benefits paid	(14,240)	(14,166)	(134,004)
Others	(924)	(4,183)	(8,702)
<b>Balance at end of year</b>	<b>¥ 369,514</b>	<b>¥ 362,009</b>	<b>\$ 3,477,124</b>

"Decrease due to transfer to defined contribution pension plan" was disclosed separately for the year ended March 31, 2017. Since the amount decreased significantly, such amount is included in

"Others" for the year ended March 31, 2018. The amount included in "Decrease due to transfer to defined contribution pension plan" for the year ended March 31, 2017 was ¥3,774 million.

2. The changes in plan assets for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Balance at beginning of year	¥ 1,646	¥ 4,003	\$ 15,494
Expected return on plan assets	41	41	387
Actuarial losses	(78)	(10)	(735)
Contributions from the employer	136	137	1,289
Benefits paid	(107)	(168)	(1,014)
Decrease due to transfer to defined contribution pension plan		(2,356)	
<b>Balance at end of year</b>	<b>¥ 1,638</b>	<b>¥ 1,646</b>	<b>\$ 15,420</b>

3. A reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2018 and 2017, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Funded defined benefit obligation	¥ 2,651	¥ 2,625	\$ 24,946
Plan assets	(1,638)	(1,646)	(15,420)
<b>Total</b>	<b>1,012</b>	<b>979</b>	<b>9,525</b>
Unfunded defined benefit obligation	366,862	359,383	3,452,178
<b>Net liability arising from defined benefit obligation</b>	<b>¥ 367,875</b>	<b>¥ 360,362</b>	<b>\$ 3,461,703</b>

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Liability for retirement benefits	¥ 367,875	¥ 360,362	\$ 3,461,703
<b>Net liability arising from defined benefit obligation</b>	<b>¥ 367,875</b>	<b>¥ 360,362</b>	<b>\$ 3,461,703</b>

4. The components of net periodic retirement benefit costs for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Service cost	¥ 13,760	¥ 14,038	\$ 129,490
Interest cost	3,474	3,571	32,690
Expected return on plan assets	(41)	(41)	(387)
Recognized actuarial losses	13,972	11,816	131,479
Amortization of prior service cost	(16)	(16)	(157)
Others	180	22	1,701
<b>Net periodic retirement benefit costs</b>	<b>¥ 31,330</b>	<b>¥ 29,390</b>	<b>\$ 294,816</b>

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Prior service cost	¥ (16)	¥ (16)	\$ (157)
Actuarial losses	8,458	10,539	79,596
<b>Total</b>	<b>¥ 8,441</b>	<b>¥ 10,522</b>	<b>\$ 79,438</b>



6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Unrecognized prior service cost .....	¥ (117)	¥ (134)	\$ (1,107)
Unrecognized actuarial losses .....	10,015	18,474	94,246
<b>Total .....</b>	<b>¥ 9,897</b>	<b>¥ 18,339</b>	<b>\$ 93,138</b>

7. Plan assets

- (1) Components of plan assets

Plan assets at March 31, 2018 and 2017, consisted of the following:

	2018	2017
Debt investments .....	44%	31%
General account of life insurance .....	38	37
Equity investments .....	10	8
Others .....	8	24
<b>Total .....</b>	<b>100%</b>	<b>100%</b>

- (2) Method of determining the expected rate of return on plan assets  
The expected rate of return on plan assets is determined considering the long-term rates of return which are expected

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

8. Assumptions used for the years ended March 31, 2018 and 2017, are set forth as follows:

	2018	2017
Discount rate .....	1.02%	1.04%
Expected rate of return on plan assets .....	2.50%	2.50%

9. Defined contribution

The required contribution amount of the Company and certain consolidated subsidiaries was ¥6,846 million (\$64,430 thousand)

and ¥6,859 million for the years ended March 31, 2018 and 2017, respectively.

## 10. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Balance at beginning of year .....	¥ 436,483	¥ 426,449	\$ 4,107,303
Additional provisions .....	11,448	13,020	107,730
Reduction .....	(3,629)	(2,986)	(34,151)
<b>Balance at end of year .....</b>	<b>¥ 444,302</b>	<b>¥ 436,483</b>	<b>\$ 4,180,882</b>

## 11. SHORT-TERM BORROWINGS

Short-term borrowings at March 31, 2018 and 2017, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Short-term loans from banks and other sources with weighted-average interest rate of 0.3035% and 0.2838% at March 31, 2018 and 2017, respectively	¥ 300,226	¥ 269,524	\$ 2,825,128

Commercial paper included in short-term borrowings in the above table was ¥154,000 million (\$1,449,138 thousand) and ¥114,000 million as of March 31, 2018 and 2017, respectively.

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



**12. EQUITY**

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

**(a) Dividends**

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

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

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

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

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

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

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

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

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

**13. INCOME TAXES**

The Companies are subject to taxes based on income, such as corporate income tax and inhabitant tax, which, in the aggregate, resulted in normal statutory tax rates of approximately 28.2% for

the years ended March 31, 2018 and 2017. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2018 and 2017, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>Deferred tax assets:</b>			
Net operating tax loss carryforwards .....	<b>¥ 123,052</b>	¥ 148,317	<b>\$ 1,157,921</b>
Liability for retirement benefits .....	<b>104,216</b>	102,173	<b>980,675</b>
Depreciation and amortization .....	<b>92,373</b>	90,327	<b>869,236</b>
Asset retirement obligations .....	<b>45,183</b>	45,048	<b>425,180</b>
Intercompany profit elimination .....	<b>23,684</b>	23,719	<b>222,874</b>
Other .....	<b>169,260</b>	173,338	<b>1,592,742</b>
Less valuation allowance .....	<b>(93,328)</b>	(89,080)	<b>(878,220)</b>
<b>Total deferred tax assets</b> .....	<b>464,443</b>	493,844	<b>4,370,409</b>
<b>Deferred tax liabilities:</b>			
Unrealized gain on available-for-sale securities .....	<b>28,960</b>	26,616	<b>272,515</b>
Special account related to nuclear power decommissioning .....	<b>21,898</b>	7,440	<b>206,066</b>
Reserve for special depreciation .....	<b>2,814</b>	3,976	<b>26,485</b>
Other .....	<b>9,242</b>	10,331	<b>86,972</b>
<b>Total deferred tax liabilities</b> .....	<b>62,916</b>	48,366	<b>592,040</b>
<b>Net deferred tax assets</b> .....	<b>¥ 401,527</b>	¥ 445,478	<b>\$ 3,778,369</b>



**14. RESEARCH AND DEVELOPMENT COSTS**

Research and development costs charged to income were ¥11,318 million (\$106,507 thousand) and ¥11,381 million for the years ended March 31, 2018 and 2017, respectively.

**15. RELATED-PARTY DISCLOSURES**

Related-party transactions of the Companies with an associated companies for the years ended March 31, 2018 and 2017, were as follows

**(1) 2018**

Category	Name	Address	Capital Stock or Stake		Description of Business	
			Millions of Yen			
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	<b>¥400,000</b>		Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes	
Voting Right	Relationship with Related Party		Detail of Transactions		Transaction Amount	
<b>16.6%</b>	Contract on uranium enrichment and disposal of low-level radioactive wastes A director concurrently serves as the Company's director and was transferred from the Company.		Co-guarantees or guarantees of loans and bonds		Millions of Yen	Thousands of U.S. Dollars
					<b>¥ 174,387</b>	<b>\$ 1,640,985</b>

**(2) 2017**

Category	Name	Address	Capital Stock or Stake		Description of Business	
			Millions of Yen			
Associated company	Japan Nuclear Fuel Limited	Rokkasho-mura, Kamikita-gun, Aomori prefecture	<b>¥400,000</b>		Uranium enrichment, reprocessing of irradiated nuclear fuel, temporary storage of nuclear fuel materials and wastes, and disposal of low-level radioactive wastes	
Voting Right	Relationship with Related Party		Detail of Transactions		Transaction Amount	
<b>16.6%</b>	Contract on uranium enrichment and disposal of low-level radioactive wastes A director concurrently serves as the Company's director and was transferred from the Company.		Co-guarantees or guarantees of loans and bonds		Millions of Yen	
					<b>¥ 186,440</b>	

**16. LEASES**

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

**17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES****(1) Policy for Financial Instruments**

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

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

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

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

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

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

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

Bonds, loans, and commercial paper are exposed to liquidity risk.

Derivatives mainly include forward foreign currency contracts, currency swaps, interest rate swaps, and commodity swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of payables, changes in interest rates of long-term loans, and changes in fuel prices. Please see Note 18 for more details about derivatives.

**(3) Risk Management for Financial Instruments****Market risk management**

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

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

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

**Liquidity risk management**

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

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

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Please see Note 18 for details of the fair value of derivatives.

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

March 31, 2018	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	¥ 178,833	¥ 178,885	¥ 52
Cash and cash equivalents	144,176	144,176	
Receivables	297,999	297,999	
<b>Total</b>	<b>¥ 621,009</b>	<b>¥ 621,062</b>	<b>¥ 52</b>
Long-term debt	¥ 3,408,013	¥ 3,470,984	¥ 62,970
Short-term borrowings	300,226	300,226	
Notes and accounts payable	183,525	183,525	
Accrued income taxes	14,471	14,471	
<b>Total</b>	<b>¥ 3,906,237</b>	<b>¥ 3,969,208</b>	<b>¥ 62,970</b>
Derivatives	¥ (6,464)	¥ (6,464)	

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

Long-term debt includes Current maturities of long-term

debt in the consolidated balance sheet.

Derivatives are stated at the net amount.

March 31, 2017	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	¥ 170,601	¥ 170,681	¥ 80
Cash and cash equivalents	130,820	130,820	
Receivables	284,835	284,835	
<b>Total</b>	<b>¥ 586,258</b>	<b>¥ 586,338</b>	<b>¥ 80</b>
Long-term debt	¥ 3,552,025	¥ 3,634,416	¥ 82,391
Short-term borrowings	269,524	269,524	
Notes and accounts payable	172,652	172,652	
Accrued income taxes	5,622	5,622	
<b>Total</b>	<b>¥ 3,999,825</b>	<b>¥ 4,082,216</b>	<b>¥ 82,391</b>
Derivatives	¥ (9,218)	¥ (9,218)	

March 31, 2018	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain
Investment securities	\$ 1,682,818	\$ 1,683,313	\$ 494
Cash and cash equivalents	1,356,703	1,356,703	
Receivables	2,804,176	2,804,176	
<b>Total</b>	<b>\$ 5,843,698</b>	<b>\$ 5,844,193</b>	<b>\$ 494</b>
Long-term debt	\$ 32,069,389	\$ 32,661,945	\$ 592,556
Short-term borrowings	2,825,128	2,825,128	
Notes and accounts payable	1,726,975	1,726,975	
Accrued income taxes	136,179	136,179	
<b>Total</b>	<b>\$ 36,757,672</b>	<b>\$ 37,350,228</b>	<b>\$ 592,556</b>
Derivatives	\$ (60,831)	\$ (60,831)	

**Investment securities**

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

**Cash and cash equivalents and receivables**

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

**Long-term debt**

The fair values of loans are determined by discounting the cash flows related to the debt at the Companies' assumed corporate borrowing rate.

The fair values of corporate bonds approximate market value.

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

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

**Derivatives**

Fair value information for derivatives is included in Note 18.



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

	Carrying Amount		
	Millions of Yen	Thousands of U.S. Dollars	
	2018	2017	2018
Investments in equity instruments that do not have a quoted market price in an active market .....	¥ 34,628	¥ 25,515	\$ 325,852
Invested instruments and other .....	18,178	14,640	171,061

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

March 31, 2018	Millions of Yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Investment securities:				
Held-to-maturity securities .....	¥ 309	¥ 1,005	¥ 325	¥ 500
Available-for-sale securities with contractual maturities .....		300	100	
Cash and cash equivalents .....	144,176			
Receivables .....	269,879	720	44	4

March 31, 2018	Thousands of U.S. Dollars			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Investment securities:				
Held-to-maturity securities .....	\$ 2,917	\$ 9,457	\$ 3,058	\$ 4,704
Available-for-sale securities with contractual maturities .....		2,822	940	
Cash and cash equivalents .....	1,356,703			
Receivables .....	2,539,567	6,781	414	38

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

**18. DERIVATIVES**

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

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

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

**Derivative Transactions to Which Hedge Accounting Is Not Applied**

March 31, 2018	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt) .....	¥ 15,340	¥ 10,237	¥ (1,368)	¥ (1,368)

March 31, 2017	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt) .....	¥ 20,442	¥ 15,340	¥ (3,363)	¥ (3,363)

March 31, 2018	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Loss
Currency swaps (U.S. dollar payment, Japanese yen receipt) .....	\$ 144,351	\$ 96,335	\$ (12,876)	\$ (12,876)

**Derivative Transactions to Which Hedge Accounting is Applied**

March 31, 2018	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Buying U.S. dollars .....	Fuel purchasing fund	¥ 70,140	¥ 70,140	¥ (2,165)
Foreign exchange forward contracts:				
Buying U.S. dollars .....	Fuel purchasing fund	1,684	1,208	(84)
Principle treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	16,621	15,906	(292)
Special hedging treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	413,799	341,079	*
Commodity swaps (fixed price payment, floating price receipt) .....	Fuel	39,013	19,080	(2,554)

March 31, 2017	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign exchange forward contracts:				
Buying U.S. dollars .....	Equipment fund	¥ 4,635		¥ (224)
Principle treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	8,406	¥ 7,691	(185)
Special hedging treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	482,682	409,799	*
Commodity swaps (fixed price payment, floating price receipt) .....	Fuel	57,505	38,722	(5,444)

March 31, 2018	Hedged Item	Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
Principle treatment:				
Buying U.S. dollars .....	Fuel purchasing fund	\$ 660,018	\$ 660,018	\$ (20,374)
Foreign exchange forward contracts:				
Buying U.S. dollars .....	Fuel purchasing fund	15,847	11,370	(790)
Principle treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	156,411	149,677	(2,751)
Special hedging treatment:				
Interest rate swaps (fixed price payment, floating price receipt) .....	Long-term debt	3,893,849	3,209,557	*
Commodity swaps (fixed price payment, floating price receipt) .....	Fuel	367,118	179,542	(24,038)

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

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

**19. COMPREHENSIVE INCOME**

The components of other comprehensive income for the years ended March 31, 2018 and 2017, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>Unrealized gain (loss) on available-for-sale securities:</b>			
Gains (loss) arising during the year	¥ 10,667	¥ (3,790)	\$ 100,380
Reclassification adjustments to profit or loss		(4,189)	
Amount before income tax effect	10,667	(7,979)	100,380
Income tax effect	(3,100)	2,723	(29,177)
<b>Total</b>	<b>¥7,566</b>	<b>¥ (5,256)</b>	<b>\$ 71,202</b>
<b>Deferred gain on derivatives under hedge accounting:</b>			
(Loss) gain arising during the year	¥ (4,959)	¥ 2,866	\$ (46,665)
Reclassification adjustments to loss	(1)	(52)	(16)
Adjustments to acquisition costs of assets	5,785	3,240	54,445
Amount before income tax effect	825	6,054	7,763
Income tax effect	(242)	(1,788)	(2,277)
<b>Total</b>	<b>¥ 583</b>	<b>¥ 4,265</b>	<b>\$ 5,486</b>
<b>Foreign currency translation adjustments:</b>			
Adjustments arising during the year	¥ (1,519)	¥ (5,124)	\$ (14,303)
<b>Defined retirement benefit plans:</b>			
Adjustments arising during the year	¥ (5,513)	¥ (1,277)	\$ (51,882)
Reclassification adjustments to profit	13,955	11,800	131,321
Amount before income tax effect	8,441	10,522	79,438
Income tax effect	(2,350)	(2,981)	(22,119)
<b>Total</b>	<b>¥ 6,091</b>	<b>¥ 7,541</b>	<b>\$ 57,319</b>
<b>Share of other comprehensive income in associates:</b>			
Gains arising during the year	¥ 2,740	¥ 275	\$ 25,785
Reclassification adjustments to profit or loss	431	667	4,060
<b>Total</b>	<b>¥ 3,171</b>	<b>¥ 943</b>	<b>\$ 29,846</b>
<b>Total other comprehensive income</b>	<b>¥ 15,892</b>	<b>¥ 2,369</b>	<b>\$ 149,552</b>

**20. COMMITMENTS AND CONTINGENCIES**

At March 31, 2018, the Companies had firm purchase commitments, principally related to utility plant expansion, of approximately ¥347,604 million (\$3,270,954 thousand). Additionally, the Companies

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

At March 31, 2017, the Companies had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Co-guarantees or guarantees of loans and bonds of other companies:			
Japan Nuclear Fuel Limited (Note 15)	¥ 174,387		\$ 1,640,985
Other	82,638		777,626
<b>Total</b>	<b>¥ 257,025</b>		<b>\$ 2,418,611</b>
A guarantee about power supply for PT Bhumi Jati Power	¥ 8,697		\$ 81,846

**21. NET INCOME PER SHARE**

Diluted net income per share ("EPS") for the years ended March 31, 2018 and 2017, is not disclosed because the Companies do not issue dilutive securities.

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
<b>For the year ended March 31, 2018</b>				
Basic EPS:				
Net income attributable to common shareholders	¥ 151,880	893,385	¥ 170.01	\$ 1.60
<b>For the year ended March 31, 2017</b>				
Basic EPS:				
Net income attributable to common shareholders	¥ 140,789	893,430	157.58	



**22. SEGMENT INFORMATION**

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

**1. Description of reportable segments**

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is performed in order to decide how resources are allocated among the Companies.

The Companies' operating segments consist of Electric Power, Gas/Other Energies, IT/Communications, and real estate/life, in accordance with the "Kansai Electric Power Group Medium-Term Management Plan (2016-2018)," and Electric Power, Gas/Other Energies, and IT/Communications are disclosed as reportable segments under ASBJ Statement No. 17.

The aggregate of the Electric Power and Gas/Other Energies segments is presented as the Comprehensive Energy/Power Transmission and Distribution Business.

**2. Methods of measurement for the amounts of sales, profit, assets, and other items for each reportable segment**

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

Information about sales, profit, assets, and other items is as follows:

	Millions of Yen								
	2018								
	Reportable Segment								
Comprehensive Energy/Power Transmission and Distribution Business									
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	¥ 2,596,114	¥ 141,240	¥ 2,737,354	¥ 203,167	¥ 2,940,522	¥ 193,110	¥ 3,133,632		¥ 3,133,632
Intersegment sales or transfers	16,864	32,918	49,782	40,242	90,025	230,122	320,148	¥ (320,148)	
Total	¥ 2,612,979	¥ 174,158	¥ 2,787,137	¥ 243,410	¥ 3,030,548	¥ 423,232	¥ 3,453,781	¥ (320,148)	¥ 3,133,632
Segment profit									
Segment assets	¥ 170,335	¥ 941	¥ 171,276	¥ 26,269	¥ 197,545	¥ 30,431	¥ 227,977	¥ (425)	¥ 227,551
Other:	5,493,197	523,395	6,016,592	343,927	6,360,520	1,246,340	7,606,860	(621,772)	6,985,088
Depreciation									
Increase in property and intangible assets	250,752	25,309	276,061	58,015	334,077	12,067	346,145	(5,857)	340,287
	294,503	25,443	319,947	41,091	361,039	50,886	411,926	(4,914)	407,012

	Millions of Yen								
	2017								
	Reportable Segment								
Comprehensive Energy/Power Transmission and Distribution Business									
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	¥ 2,556,591	¥ 93,220	¥ 2,649,811	¥ 185,660	¥ 2,835,472	¥ 175,864	¥ 3,011,337		¥ 3,011,337
Intersegment sales or transfers	12,895	24,218	37,114	41,196	78,310	230,046	308,357	¥ (308,357)	
Total	¥ 2,569,487	¥ 117,438	¥ 2,686,925	¥ 226,857	¥ 2,913,783	¥ 405,910	¥ 3,319,694	¥ (308,357)	¥ 3,011,337
Segment profit	¥ 165,279	¥ 6,014	¥ 171,293	¥ 19,484	¥ 190,778	¥ 25,395	¥ 216,173	¥ 1,573	¥ 217,747
Segment assets	5,441,042	496,295	5,937,337	357,621	6,294,959	1,068,598	7,363,557	(510,375)	6,853,182
Other:									
Depreciation	277,553	21,565	299,119	63,856	362,975	11,863	374,839	(6,071)	368,768
Increase in property and intangible assets	227,956	28,417	256,373	43,535	299,908	48,981	348,890	(4,791)	344,098

	Thousands of U.S. Dollars								
	2018								
	Reportable Segment								
Comprehensive Energy/Power Transmission and Distribution Business									
	Electric Power	Gas / Other Energies	Subtotal	IT/Communications	Total	Other	Total	Reconciliations	Consolidated
Sales:									
Sales to external customers	\$ 24,429,421	\$ 1,329,067	\$ 25,758,489	\$ 1,911,807	\$ 27,670,296	\$ 1,817,168	\$ 29,487,464		\$ 29,487,464
Intersegment sales or transfers	158,698	309,759	468,457	378,685	847,142	2,165,450	3,012,593	\$(3,012,593)	
Total	\$ 24,588,119	\$ 1,638,827	\$ 26,226,946	\$ 2,290,492	\$ 28,517,439	\$ 3,982,618	\$ 32,500,058	\$(3,012,593)	\$ 29,487,464
Segment profit	\$ 1,602,852	\$ 8,860	\$ 1,611,713	\$ 247,192	\$ 1,858,905	\$ 286,357	\$ 2,145,262	\$(4,008)	\$ 2,141,254
Segment assets	51,690,950	4,925,143	56,616,093	3,236,359	59,852,453	11,728,054	71,580,508	(5,850,872)	65,729,635
Other:									
Depreciation	2,359,578	238,158	2,597,736	545,929	3,143,666	113,556	3,257,222	(55,117)	3,202,105
Increase in property and intangible assets	2,771,280	239,427	3,010,708	386,673	3,397,381	478,841	3,876,223	(46,242)	3,829,980



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Kansai Electric Power Company, Incorporated:

We have audited the accompanying consolidated balance sheet of The Kansai Electric Power Company, Incorporated and its consolidated subsidiaries as of March 31, 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Kansai Electric Power Company, Incorporated and its subsidiaries as of March 31, 2018, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu LLC*

June 27, 2018

Member of  
Deloitte Touche Tohmatsu Limited

## The Kansai Electric Power Company, Incorporated

Unaudited Non-Consolidated Financial Statements  
for the Year Ended March 31, 2018



The Kansai Electric Power Company, Incorporated  
March 31, 2018

## ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>PROPERTY:</b>			
Plant and equipment .....	¥ 15,099,786	¥ 15,130,964	\$ 142,088,888
Construction in progress .....	429,513	427,445	4,041,719
Contributions in aid of construction .....	(466,191)	(463,360)	(4,386,859)
Accumulated depreciation and amortization .....	(11,302,268)	(11,265,576)	(106,354,276)
Plant and equipment - net .....	3,760,839	3,829,473	35,389,471
Nuclear fuel, net of amortization .....	494,124	481,371	4,649,706
Property - net .....	4,254,963	4,310,844	40,039,177
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities .....	128,887	117,148	1,212,830
Investments in and advances to subsidiaries and associated companies .....	521,350	493,806	4,905,909
Long-term loans receivable .....	279	265	2,627
Special account related to nuclear power decommissioning .....	78,332	26,598	737,111
Special account related to reprocessing of spent nuclear fuel .....	25,168		236,839
Deferred tax assets .....	280,989	317,507	2,644,107
Other assets .....	116,654	93,878	1,097,715
Total investments and other assets .....	1,151,663	1,049,205	10,837,142
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents .....	100,353	103,170	944,329
Accounts receivable .....	224,809	203,111	2,115,453
Allowance for doubtful accounts .....	(2,480)	(2,164)	(23,337)
Inventories .....	62,283	61,057	586,086
Deferred tax assets .....	60,117	64,795	565,708
Other current assets .....	94,404	44,890	888,344
Total current assets .....	539,488	474,862	5,076,586
<b>TOTAL</b> .....	¥ 5,946,115	¥ 5,834,912	\$ 55,952,906

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥106.27 = U.S. \$1, the approximate rate of exchange at March 31, 2018.

## LIABILITIES AND EQUITY

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>LONG-TERM LIABILITIES</b>			
Long-term debt, less current maturities .....	¥ 2,528,613	¥ 2,524,956	\$ 23,794,239
Liability for retirement benefits .....	331,158	316,035	3,116,194
Accrued contributions for reprocessing of irradiated nuclear fuel .....	21,800	32,700	205,139
Asset retirement obligations .....	435,420	427,629	4,097,303
Other long-term liabilities .....	213,400	238,595	2,008,101
Total long-term liabilities .....	3,530,393	3,539,915	33,220,979
<b>CURRENT LIABILITIES:</b>			
Current maturities of long-term debt .....	574,113	658,287	5,402,406
Short-term borrowings .....	130,000	130,000	1,223,299
Commercial paper .....	154,000	114,000	1,449,138
Accounts payable .....	115,577	114,491	1,087,585
Payable to subsidiaries and associated companies .....	82,143	114,660	772,966
Accrued expenses and other current liabilities .....	396,966	277,618	3,735,737
Total current liabilities .....	1,452,831	1,409,057	13,671,134
<b>RESERVE FOR FLUCTUATIONS IN WATER LEVEL</b> .....	28,948	27,452	272,401
<b>EQUITY:</b>			
Common stock, authorized, 1,784,059,697 shares; issued, 938,733,028 shares in 2018 and 2017 .....	489,320	489,320	4,604,504
Capital surplus:			
Additional paid-in capital .....	67,031	67,031	630,763
Retained earnings:			
Legal reserve .....	36,708	33,133	345,426
Unappropriated .....	381,540	317,826	3,590,291
Unrealized gain on available-for-sale securities .....	57,569	51,392	541,727
Deferred loss on derivatives under hedge accounting .....	(1,840)	(3,912)	(17,317)
Treasury stock - at cost 45,372,355 shares in 2018 and 45,317,079 shares in 2017 .....	(96,387)	(96,307)	(907,003)
Total equity .....	933,942	858,486	8,788,391
<b>TOTAL</b> .....	¥ 5,946,115	¥ 5,834,912	\$ 55,952,906

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥106.27 = U.S. \$1, the approximate rate of exchange at March 31, 2018.

The Kansai Electric Power Company, Incorporated  
 Year Ended March 31, 2018

	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
<b>OPERATING REVENUES:</b>			
Electricity operating revenues:			
Residential .....	¥ 995,959	¥ 999,811	\$ 9,371,969
Commercial and industrial .....	1,240,661	1,296,832	11,674,619
Other .....	376,358	272,844	3,541,529
Sub-total .....	2,612,979	2,569,487	24,588,119
Incidental operating revenues .....	70,966	44,952	667,790
Total .....	2,683,945	2,614,440	25,255,910
<b>OPERATING EXPENSES:</b>			
Electricity operating expenses:			
Personnel expenses .....	217,222	204,685	2,044,061
Fuel costs .....	520,117	523,544	4,894,306
Cost of purchased power .....	466,719	461,657	4,391,828
Maintenance costs .....	184,106	189,583	1,732,438
Depreciation .....	250,710	277,485	2,359,182
Taxes .....	140,381	144,010	1,320,984
Other .....	663,386	603,241	6,242,465
Sub-total .....	2,442,644	2,404,208	22,985,266
Incidental operating expenses .....	75,879	45,707	714,027
Total .....	2,518,523	2,449,915	23,699,293
<b>OPERATING INCOME</b> .....	<b>165,421</b>	<b>164,524</b>	<b>1,556,616</b>
<b>OTHER (INCOME) EXPENSES:</b>			
Interest and dividends income .....	(13,139)	(16,486)	(123,640)
Interest expense .....	33,380	42,956	314,113
Other—net .....	(326)	(5,666)	(3,074)
Total .....	19,914	20,804	187,399
<b>INCOME BEFORE PROVISION FOR RESERVE FOR FLUCTUATIONS IN WATER LEVEL AND INCOME TAXES</b> .....	<b>145,506</b>	<b>143,720</b>	<b>1,369,216</b>
PROVISION FOR (REVERSAL OF) RESERVE FOR FLUCTUATIONS IN WATER LEVEL .....	1,495	(1,034)	14,076
INCOME BEFORE INCOME TAXES .....	144,010	144,755	1,355,140
<b>INCOME TAXES</b>			
Current .....	2,993	(1,247)	28,166
Deferred .....	37,980	42,937	357,399
Total .....	40,974	41,690	385,565
<b>NET INCOME</b> .....	<b>¥ 103,036</b>	<b>¥ 103,064</b>	<b>\$ 969,574</b>

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥106.27 = U.S. \$1, the approximate rate of exchange at March 31, 2018.

 The Kansai Electric Power Company, Incorporated  
 Year Ended March 31, 2018

	Millions of Yen										
	Number of Shares of Common Stock Outstanding	Capital Surplus			Retained Earnings			Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Total Equity
		Common Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated					
<b>BALANCE, APRIL 1, 2016</b> .....	938,733,028	¥ 489,320	¥ 67,031		¥ 33,133	¥ 214,763	¥ (96,278)	¥ 42,408	¥ (8,334)		¥ 742,044
Net Income .....						103,064					103,064
Purchase of treasury stock .....							(30)				(30)
Disposal of treasury stock .....							1				1
Net change in the year .....								8,984	4,422		13,406
<b>BALANCE, MARCH 31, 2017</b> .....	938,733,028	¥ 489,320	¥ 67,031		¥ 33,133	¥ 317,826	¥ (96,307)	¥ 51,392	¥ (3,912)		¥ 858,486
Cash dividends .....					3,574	(39,322)					(35,747)
Net Income .....						103,036					103,036
Purchase of treasury stock .....							(83)				(84)
Disposal of treasury stock .....							3				3
Transfer to capital surplus from retained earnings .....					1	(1)					
Net change in the year .....								6,176	2,071		8,248
<b>BALANCE, MARCH 31, 2018</b> .....	938,733,028	¥ 489,320	¥ 67,031		¥ 36,708	¥ 381,540	¥ (96,387)	¥ 57,569	¥ (1,840)		¥ 933,942

	Thousands of U.S. Dollars										
	Common Stock	Capital Surplus			Retained Earnings			Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Total Equity
		Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated						
<b>BALANCE, MARCH 31, 2017</b> .....	\$ 4,604,504	\$ 630,763		\$ 311,788	\$ 2,990,749	\$ (906,248)	\$ 483,605	\$ (36,813)		\$ 8,078,349	
Cash dividends .....				33,638	(370,023)					(336,384)	
Net Income .....					969,574					969,574	
Purchase of treasury stock .....				(9)		(784)				(793)	
Disposal of treasury stock .....						28				28	
Transfer to capital surplus from retained earnings .....				9	(9)						
Net change in the year .....							58,121	19,495		77,617	
<b>BALANCE, MARCH 31, 2018</b> .....	\$ 4,604,504	\$ 630,763		\$ 345,426	\$ 3,590,291	\$ 907,003	\$ 541,727	\$ (17,317)		\$ 8,788,391	

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥106.27 = U.S. \$1, the approximate rate of exchange at March 31, 2018.



Financial and Corporate Information | Five-Year Summary of Selected Operational Data

The Kansai Electric Power Company, Incorporated and Its Subsidiaries  
March 31, 2018

	Non-Consolidated Basis					Consolidated Basis				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Operating Revenues (Millions of Yen) .....	2,958,246	3,032,435	2,868,293	2,614,440	<b>2,683,945</b>	3,327,484	3,406,030	3,245,906	3,011,337	<b>3,133,632</b>
Operating Income (Millions of Yen) .....	(116,815)	(130,805)	208,566	164,524	<b>165,421</b>	(71,711)	(78,600)	256,702	217,747	<b>227,551</b>
Ordinary Income (Millions of Yen) .....	(122,909)	(159,626)	200,142	143,720	<b>145,506</b>	(111,326)	(113,052)	241,651	196,125	<b>217,104</b>
Net Income (Millions of Yen) .....	(93,091)	(176,721)	118,540	103,064	<b>103,036</b>	(97,408)	(148,375)	140,800	140,789	<b>151,880</b>
Total Ordinary Revenues (Millions of Yen) .....	3,008,043	3,074,712	2,913,347	2,653,410	<b>2,704,940</b>					
Residential .....	1,144,429	1,129,114	1,063,806	999,811	<b>995,959</b>					
Commercial and Industrial .....	1,607,254	1,655,047	1,530,231	1,296,832	<b>1,240,661</b>					
Total .....	2,751,684	2,784,161	2,594,038	2,296,643	<b>2,236,621</b>					
Other .....	256,358	290,550	319,309	356,766	<b>468,318</b>					
Total Ordinary Expenses (Millions of Yen) .....	3,130,952	3,234,338	2,713,205	2,509,690	<b>2,559,433</b>					
Personnel Expenses .....	198,186	195,986	196,724	204,685	<b>217,222</b>					
Fuel Costs .....	1,159,206	1,186,593	710,326	523,544	<b>520,117</b>					
Backend Expenses of Nuclear Power .....	52,843	42,994	37,669	32,203	<b>59,959</b>					
Maintenance Costs .....	178,543	184,611	185,351	189,583	<b>184,106</b>					
Taxes Other Than Income Taxes .....	149,811	148,470	148,032	148,428	<b>144,796</b>					
Depreciation .....	298,349	298,148	281,790	277,485	<b>250,710</b>					
Cost of Purchased Power .....	554,948	571,107	493,577	461,657	<b>466,719</b>					
Interest Expense .....	51,533	50,624	46,790	42,956	<b>33,380</b>					
Other .....	487,529	555,800	612,940	629,144	<b>682,420</b>					
Interest Expense (Millions of Yen) .....	51,533	50,624	46,790	42,956	<b>33,380</b>	56,621	55,373	51,322	48,391	<b>37,219</b>
Return on Equity (ROE) (%) .....	(10.9)	(24.5)	17.2	12.9	<b>11.5</b>	(8.0)	(13.3)	12.7	11.3	<b>10.9</b>
Return on Assets (ROA) (%) .....	(1.0)	(1.6)	3.7	3.0	<b>3.0</b>	(0.7)	(0.7)	3.9	3.4	<b>3.7</b>
Net Income per Share (Yen) .....	(104.15)	(197.72)	132.63	115.32	<b>115.30</b>	(109.01)	(166.06)	157.59	157.58	<b>170.01</b>
Cash Dividends per Share (Yen) .....	0.00	0.00	0.00	25.00	<b>35.00</b>					
Capital Investments (Millions of Yen) .....	325,068	300,069	254,183	232,458	<b>295,449</b>	418,920	420,667	369,302	344,098	<b>407,012</b>
Total Assets (Millions of Yen) .....	6,916,202	6,768,934	6,433,093	5,834,912	<b>5,946,115</b>	7,777,519	7,743,378	7,412,472	6,853,182	<b>6,985,088</b>
Net Assets (Millions of Yen) .....	806,691	638,876	742,044	858,486	<b>933,942</b>	1,213,158	1,060,219	1,201,831	1,344,696	<b>1,472,797</b>
Equity Ratio (%) .....	11.7	9.4	11.5	14.7	<b>15.7</b>	15.3	13.4	15.9	19.3	<b>20.8</b>
Interest-bearing Debt (Millions of Yen) .....	3,954,708	3,875,278	3,496,559	3,401,081	<b>3,359,960</b>	4,396,839	4,315,256	3,938,279	3,821,550	<b>3,708,240</b>
Net Assets per Share (Yen) .....	902.54	714.81	830.28	960.60	<b>1,045.09</b>	1,330.48	1,159.53	1,319.33	1,480.46	<b>1,627.66</b>
Free Cash Flows (Millions of Yen) .....						(3,213)	59,004	204,255	139,919	<b>176,028</b>
Operating Cash Flows (Millions of Yen) .....						347,772	447,666	595,154	485,669	<b>623,266</b>
Operating Revenues from Group Businesses (external sales) (Billions of Yen) .....						468.1	466.9	450.5	455.1	<b>537.5</b>
Ordinary Income from Group Businesses (Billions of Yen) .....						51.7	65.1	69.5	61.0	<b>75.7</b>
Number of Employees .....	20,813	20,628	19,914	19,533	<b>19,243</b>	33,657	33,539	33,089	32,514	<b>32,527</b>

	Non-Consolidated Basis				
	2014	2015	2016	2017	2018
Electricity Sales Volume (Million kWh)					
Residential .....	48,353	45,858	44,053	43,689	<b>41,767</b>
Commercial and Industrial .....	92,061	88,633	83,463	77,811	<b>73,477</b>
Total .....	140,414	134,490	127,516	121,500	<b>115,244</b>
Electricity Generation Capacity (MW)					
Nuclear .....	9,768	9,768	8,928	8,928	<b>6,578</b>
Thermal .....	17,982	19,441	19,408	19,408	<b>19,430</b>
Hydropower .....	8,208	8,222	8,225	8,226	<b>8,226</b>
Renewable Energies .....	11	11	11	11	<b>11</b>
Total .....	35,968	37,442	36,573	36,573	<b>34,245</b>
Power Sources (%)					
Nuclear .....	6	0	1	0	<b>10</b>
Thermal .....	80	86	82	84	<b>70</b>
Hydropower .....	10	10	12	11	<b>12</b>
Renewable Energies .....	1	2	3	4	<b>4</b>
Other .....	3	2	2	1	<b>4</b>
Total .....	100	100	100	100	<b>100</b>
CO <sub>2</sub> Emission (kg-CO <sub>2</sub> /kWh) .....	0.516	0.523	0.496	0.493	<b>0.42</b>
Nuclear Capacity Factor (%) .....	10.9	0.0	1.0	0.0	<b>18.0</b>
Thermal Efficiency of Thermal Power Plants (Lower heating value) (%) .....	44.6	46.5	46.6	47.6	<b>48.3</b>
System Peak Demand in Kansai Area (MW) .....	28,611	27,543	27,048	26,569	<b>26,376</b>
FTTH services (Thousand Lines) .....	1,484	1,528	1,590	1,625	<b>1,630</b>
Gas Sales Volumes (LNG conversion [gas and LNG total]) (Thousand Tons) .....	860	740	720	710	<b>970</b>

Company outline As of March 31, 2018

<b>Company name:</b>	The Kansai Electric Power Company, Incorporated	<b>Number of common shares issued:</b>	938,730 thousand
<b>Head office:</b>	3-6-16 Nakanoshima, Kita-ku, Osaka 530-8270, Japan	<b>Number of shareholders:</b>	294 thousand
<b>Date of establishment:</b>	May 1, 1951	<b>Stock exchange listings: (Common stock)</b>	Tokyo Stock Exchange
<b>Paid-in capital:</b>	¥489.3 billion	<b>Transfer Agent:</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Operating revenues:</b>	¥3,133.6 billion (consolidated), ¥2,683.9 billion (non-consolidated)		6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502, Japan
<b>Total assets:</b>	¥6,985.0 billion (consolidated), ¥5,946.1 billion (non-consolidated)		
<b>Number of employees:</b>	32,527 (consolidated), 19,243 (non-consolidated)		
<b>Electricity sales:</b>	115.2 billion kWh		
<b>Main business:</b>	Electric power, heat supply, telecommunications, gas supply		

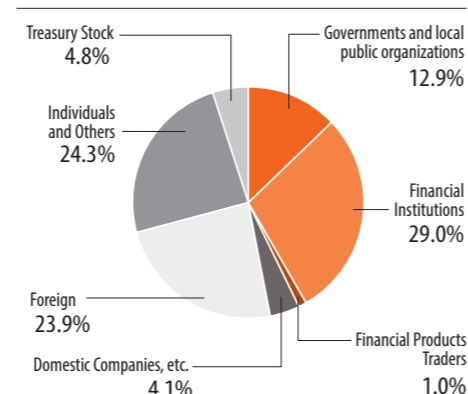
Number of employees: This includes working employees and excludes employees on loan and employees on leave of absence.

Major shareholders

As of March 31, 2018	Number of Shares Held (thousands)	Percentage of Shares Held (%)
Osaka City	83,748	8.92
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,200	4.80
Japan Trustee Services Bank, Ltd. (Trust Account)	33,170	3.54
Nippon Life Insurance Company	32,611	3.53
Kobe City	27,351	3.47
Kansai Electric Power Employee Stockholder Program	19,165	2.91
Mizuho Bank, Ltd.	17,378	2.04
Japan Trustee Services Bank, Ltd. (Trust Account 5)	15,593	1.85
STATE STREET BANK WEST CLIENT - TREATY 505234	12,950	1.66
Japan Trustee Services Bank, Ltd. (Trust Account 1)	11,569	1.38

Note: Our company treasury stock is excluded from the above table.

Distribution of shares As of March 31, 2018



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

(As of May 31, 2018)

● Consolidated subsidiaries 72 companies

Comprehensive energy business (Gas and other energy)

- Kanden Energy Solution Co., Inc.
- SAKAI LNG Corp.
- ECHIZEN ENELINE CO., INC.
- Aioi Bioenergy Corporation
- Osaka Bioenergy Co., Ltd.
- KANDEN GAS SUPPORT CO., INC.
- KE Fuel International Co., Ltd.
- LNG EBISU Shipping Corporation
- LNG FUKUROKUJU Shipping Corporation
- LNG JUROJIN Shipping Corporation
- LNG SAKURA Shipping Corporation
- Kansai Electric Power Holdings Australia Pty. Ltd.
- Kansai Electric Power Australia Pty. Ltd.
- KE Fuel Trading Singapore Pte. Ltd.
- Kansai Sojitz Enrichment Investing S.A.S.

Seven other companies

Information and telecommunications (IT)

- K-Opticom Corp.
- Kanden System Solutions Co., Inc.

Six other companies

Real estate / Lifestyle-related business

- Kanden Joy Life Co., Ltd.
- Kanden Realty & Development Co., Ltd.
- Clearpass Co., Ltd.
- KANDEN Security of Society, Inc.
- Kanden E House Co., Ltd.
- KANSAI Medical Net Co., Inc.
- Kanden Life Support Co., Ltd.
- Kanden Facilities Co., Ltd.
- KANDEN AMENIX Corp.

Seven other companies

International business

- KPIC Netherlands, B.V.
- KPIC USA, LLC

One other company

Group support business, etc.

- Kanden Engineering Corp.
- NIHON NETWORK SUPPORT CO., LTD.
- Kanden Plant Corp.
- The Kurobe Gorge Railway Co., Ltd.
- Institute of Nuclear Safety System, Inc.
- NEWJEC INC.
- Kanden L-Heart Co., Inc.
- Kanden Power-Tech Corp.
- Kansai Electron Beam Co., Ltd.
- Kansai Power Venture Management Corporation
- Nuclear Engineering, Ltd.
- THE GENERAL ENVIRONMENTAL TECHNOS CO., LTD.
- The Kanden Services Co., Inc.
- Kanden CS Forum Inc.
- Kanden Office Work Co., Inc.
- The Kanden L & A Co., Ltd.
- Kanden Business Support Corp.

Six other companies

● Affiliates accounted for by the equity method Four companies

Comprehensive energy business (Gas and other energy)

- JAPAN NUCLEAR FUEL LIMITED

International business

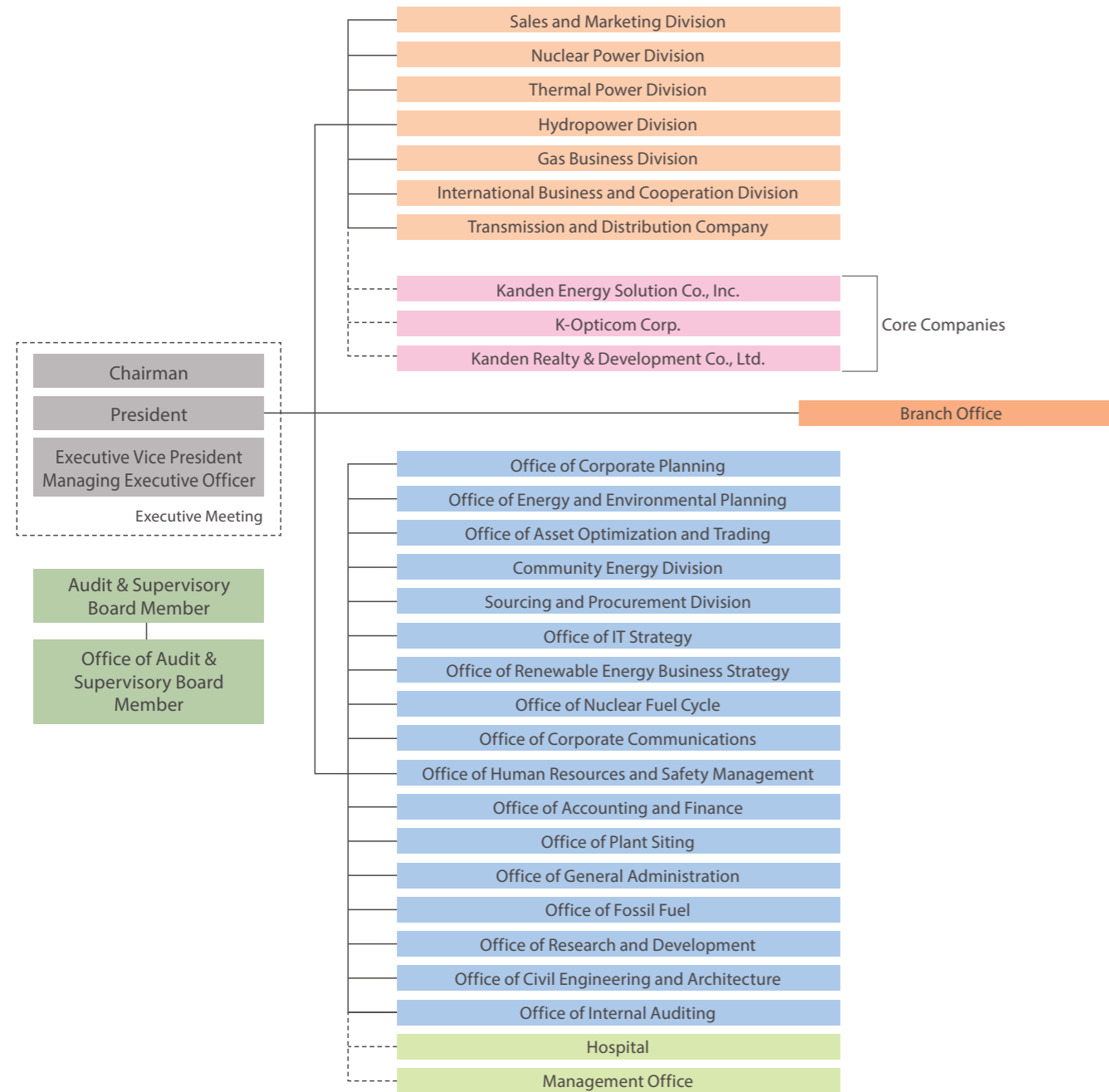
- San Roque Power Corporation

Group support business, etc.

- KINDEN CORPORATION
- ENEGATE Co., Ltd.



(As of June 27, 2018)



**At the Kansai Electric Power Group,  
we are striving to build an unwavering safety culture by  
realizing our Management Philosophy goal of making safety  
our top priority.**

**Kansai Electric Power Group Safe Action Charter**

**Our beliefs about safety**

**Individual commitments (goals)**

By making the assurance of safety our top priority in all our activities, we will protect the safety of every person involved in them.

**Safety consciousness promise**

Based on the strong belief held by every individual that “we will not allow misfortune to occur to the colleagues who work with us or their families,” we will foster a positive and open atmosphere where people can talk about anything by conducting daily communication that is rooted in consideration. We will also cultivate a culture that prioritizes the assurance of safety by implementing continuous reform.

**Safety action promise**

In order to not only protect our own safety but also that of our colleagues, we will act immediately if we sense danger. Through the practice of this kind of independent safety action, we will seek to eliminate accidents.

**Safe Action Declaration**

**I vow to do the following myself in order to both  
maintain my own safety and to preserve the happiness  
of my friends and family.**

**Always think about what I can do for safety**

We will expand the extent of what we individually can do for safety by improving our own technical abilities and sensitivity to danger. In addition, we will always think about what we can do ourselves and make suggestions proactively.

**Follow rules and procedures**

We will carefully confirm and without arbitrary changes faithfully follow rules related to safety, which have been established based on past lessons, as well as preparations and procedures determined from the planning stage in response to anticipated dangers.

**Act without hesitation to protect colleagues from danger**

When we notice a situation that could lead to danger for a colleague, instead of overlooking it, we will caution them or otherwise act without hesitation to prevent the danger.

**Respond to unplanned situations by stopping and consulting**

When confronted with a situation that is different from what was planned or expected beforehand, we will immediately stop without hesitation and consult with others. We will not arbitrarily judge the safety of something and push on or make changes.

**Communicate actively**

The idea that “we will not allow misfortune to occur to the colleagues who work with us or their families” is not a hollow phrase. We will take this to heart deeply and communicate proactively as individuals.