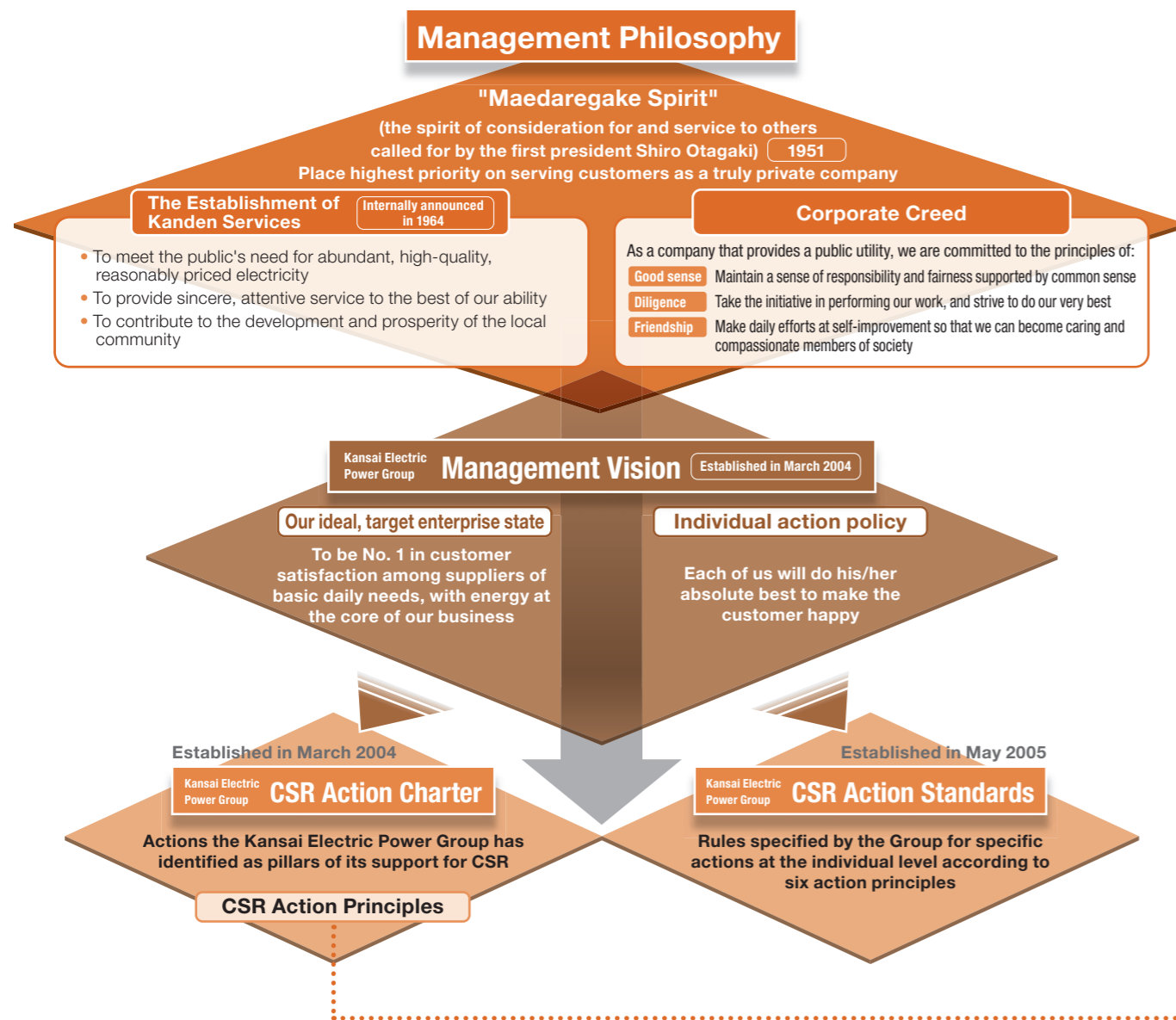


# Kansai Electric Power Group Management and CSR

The Kansai Electric Power Group is continuing to fulfill the mission it has had since its founding, of serving customers and communities by carrying out CSR as a core component of its business.



## Our Management Philosophy and Ideals

Immediately after Kansai Electric Power was founded in 1951, its first president, Shiro Otagaki, called for it to maintain a "Maedaregake Spirit" (the spirit of consideration for and service to others) as a private-sector company. This encapsulates the Kansai Electric Power Group's approach to what is now called CSR. The "good sense, diligence, and friendship" that Shiro Otagaki inculcated in all employees for the "cultivation of a good corporate culture" have been maintained and passed down in the form of the Corporate Creed. Following major changes to the management environment and business structure, the Kansai Electric Power Group Management Vision was formulated in

2004. It specified being "No. 1 in customer satisfaction" as the "ideal enterprise state," announced the Kansai Electric Power Group CSR Action Charter, which is comprised of six CSR Action Principles for achieving that ideal state, and clarified a management vision centered around CSR. 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.

## The Kansai Electric Power Group CSR Action Charter

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 earns 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. By fulfilling its responsibilities as a member of the community to observe compliance obligations and maintain transparency, the Group contributes to the sustainable development of society while reinforcing that hard-earned trust. Thus, the Kansai Electric Power Group develops all of its business activities and fulfills its corporate social responsibilities as an enterprise based on its six CSR Action Principles.

### CSR Action Principles

1. Safe, Stable Delivery of Products and Services
2. Progressive Approach to Environmental Problems
3. Proactive Contributions to Development of Local Communities
4. Respect for Human Rights, Development of Favorable Work Environments
5. Highly Transparent and Open Business Activities
6. Strict Enforcement of Compliance

## The Kansai Electric Power Group CSR Action Standards

### Basic Approach

Directors and employees recognize at all times that they are members of the Kansai Electric Power Group, always maintaining the propriety and dignity appropriate to that station and acting in the best interest of society. In carrying out the Group's operations, directors and employees maintain safety as their first priority, strictly comply with all relevant laws, corporate ethics, and social rules, conduct their duties diligently, and make every possible effort to make the customer happy.

### CSR Action Standards Based on the CSR Action Principles

The Kansai Electric Power Group has established CSR Action Standards based on the CSR Action Principles. These Action Standards, along with the Kansai Electric Power Group Management Vision, are printed on the portable Conduct Cards that are distributed to all employees. Employees write their own action goals on the back of the card, and use this information to track their own actions and goals in their everyday work.



Conduct Card

## CSR Procurement Policy

Aiming at the best-suited configuration, maintenance, and operation of our equipment, the Purchasing Department of Kansai Electric Power timely and ecologically procures equipment, materials and services that excel in safety, quality, and price.

As our procurement activities are supported by all our valued business partners, we believe that working to build mutual trust, conducting business in an open and transparent manner, and carrying out thoroughgoing compliance in our procurement activities is vital in our promotion of CSR.

Kansai Electric Power defines and practices the five items outlined below as our Action Standards for Procurement Activities. We furthermore utilize business negotiations, on-site inspections, and plant visits to explain and promulgate our CSR Procurement Policy to partners in a proactive manner.

### Action Standards for Procurement Activities

#### 1. Highest priority to the safety, maintenance, and improvement of quality and technical strength

Viewing safety as our highest priority, we will make efforts to help maintain and improve our quality and technological capabilities to ensure that we are creating, maintaining, and utilizing equipment and facilities in an optimal manner.

#### 2. Being environmentally-friendly

We promote the procurement of environmentally friendly equipment, materials, and office supplies (green purchasing), and work in cooperation with our business partners to contribute to the creation of a recycling-oriented society.

#### 3. Establishment of fiduciary partnership

By striving to improve our supply chain in collaboration with our business partners, we are building strong, trusting relationships with those partners and working toward our mutual growth and development.

#### 4. Transparent, open business activities

To procure equipment, materials, and services that offer excellence in terms of safety, quality, and price, within the appropriate time frame, we open our doors widely to suppliers both inside and outside of Japan. We select business partners fairly and equitably, based on their safety, quality, technological capabilities, consideration for the environment, price, delivery and work schedule reliability, and maintenance and management conditions, even as we consider issues of economic as well as social rationality.

#### 5. Strict enforcement of compliance

We obey all relevant laws and the spirit of those laws, particularly those laws that are related to safety and respect for human rights (e.g., prohibitions against child labor and coerced labor). We are fully committed to the strict management of personal and confidential information. We will not engage in any behaviors that support the activities of criminal organizations that pose threats to social order or safety.

**Web** **Kansai Electric Power Group Management Vision**  
<http://www.kepco.co.jp/corporate/vision/index.html>

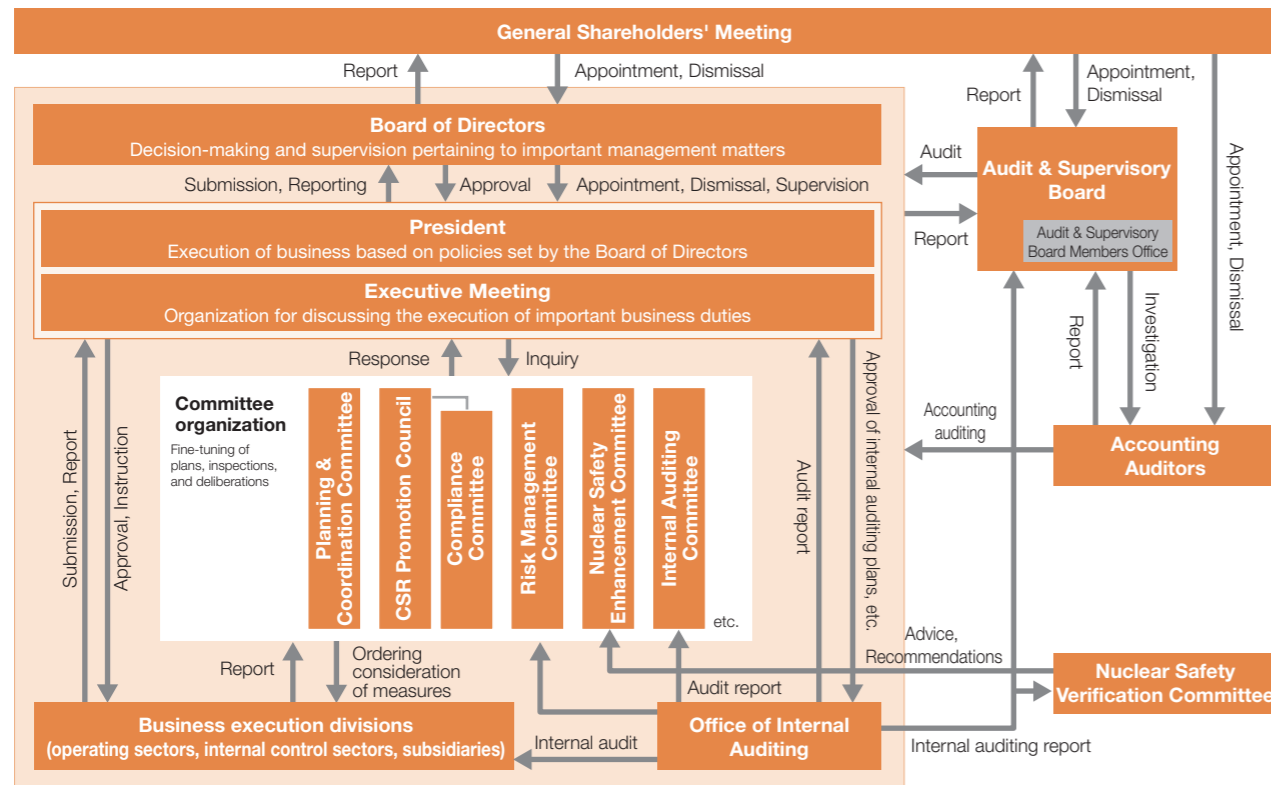
**Kansai Electric Power Group CSR Action Charter**  
<http://www.kepco.co.jp/corporate/csr/charter.html>

**Kansai Electric Power Group CSR Action Standards**  
<http://www.kepco.co.jp/corporate/csr/standards.html>

**Kansai Electric Power Procurement Activities**  
<http://www.kepco.co.jp/kepa/purchas/index1j.html>

# Corporate Governance

To ensure the continuous improvement of its corporate value while maintaining the transparency and soundness of its business management, the Kansai Electric Power Group views its commitment to improving corporate governance as a key management initiative. We are always striving to make effective improvements in this area.



## Basic Framework

Kansai Electric Power operates a system by which an Executive Meeting and a number of committees oversee and ensure the appropriate execution of duties. These committees operate under the supervision of the Board of Directors, which is appointed by the General Shareholders' Meeting. The Company also makes use of Audit & Supervisory Board Members, an Audit & Supervisory Board, and Accounting Auditors. From each of their professional perspectives, these auditors confirm that executive officers execute their duties in a lawful, appropriate, and reasonable manner. This system constitutes the foundation of Kansai Electric Power's corporate governance system.

## Deliberation and Decision-Making on Essential Matters, and Appropriate Business Execution

The Board of Directors is convened regularly once a month, complemented by additional meetings held when deemed necessary, where matters of essential importance to Group management are deliberated and decided. In addition, all directors are supervised through regularly issued reports on the execution status of the duties incumbent upon them and other aspects of their performance. To ensure prompt and appropriate decision-making regarding important business matters, the Company convenes regular meetings of the executive directors and executive officers—in principle once a week—facilitating efficient and effective corporate management. The system of executive officers was introduced to separate the executive and supervisory functions of management and to boost the speed and efficiency of business execution. Three of the 17 directors are outside directors with no vested interests in the Company, whose presence helps to ensure management transparency.

## Ensuring Audit Independence, Transparency, and Soundness

Kansai Electric Power uses an Audit & Supervisory Board system working in tandem with the Board of Directors to continuously and effectively ensure that directors are performing their duties in a way that is lawful, appropriate, and reasonable. Four of the seven Audit & Supervisory Board Members are outside members with no vested interests in the Company, and who therefore serve as independent officers. The remaining three are full-time members. One full-time member is selected from among those who have served successive high-ranking posts in the Accounting Division, ensuring that at least one member has a thorough knowledge of finance and accounting. The Audit & Supervisory Board Members (full-time) conduct preemptive audits and post-audits by thus examining business execution across the Company. For example, they attend not only the Board of Directors, but also other important meetings such as Executive Meetings, where they express their opinions and listen to explanations by the directors pertaining to matters of importance to Company management, and examine the status of the business and assets of the Company's main operating locations. The Outside Audit & Supervisory Board Members receive reports on the results of these audits from the Audit & Supervisory Board Members (full-time) at the Audit & Supervisory Board, and regularly attend Board of Directors and Representative Directors meetings along with the full-time members to express their opinions. This system helps ensure the independence, transparency, and soundness of the Company's audits. An Audit & Supervisory Board Members Office (13 members) has been established to support the duties of the Audit & Supervisory Board Members and manage their regular meetings. This organization is tasked with handling actual auditing duties, managing the operations of the Audit & Supervisory Board, and other tasks. To ensure the office's independence, it functions directly under the jurisdiction of the Audit & Supervisory Board Members and does not perform any other duties relating to the business execution functions of the Group.

## Directors and Auditors

As of June 26, 2013



**Shosuke Mori\***  
Chairman and Director



**Makoto Yagi\***  
President and Director



**Masao Ikoma\***  
Director,  
Executive Vice President



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



**Jiro Kagawa\***  
Director,  
Executive Vice President



**Shigeki Iwane\***  
Director,  
Executive Vice President



**Yuzuru Hiroe\***  
Director,  
Executive Vice President

\*Indicates status as representative director

Directors  
Managing Executive Officers

- Noriaki Hashimoto
- Yoichi Mukae
- Yoshihiro Doi
- Masahiro Iwatani
- Yasuhiro Yashima

Directors

- Ryohei Shirai
- Tatsuya Kawabe

Outside Directors

- Noriyuki Inoue
- Akio Tsujii
- Ryosuke Tamakoshi

Audit & Supervisory Board Members

- Sakae Kanno
- Yasunari Tamura
- Masahiro Izumi

Outside Audit & Supervisory Board Members

- Takaharu Doi
- Yoichi Morishita
- Motoyuki Yoshimura
- Hisako Makimura

## Executive Officers

Managing Executive Officers

- Hironori Katsuda
- Masahiko Okada
- Hidehiko Yukawa
- Tomio Inoue
- Ikuo Morinaka

Note: Excludes those serving concurrently as directors and executive officers

### Appropriate and Seamless Execution of Duties by Each Committee

To ensure the appropriate and seamless execution of policies and action plans related to important affairs that affect the entire business, we have established committees centered around three functions: planning and coordination, investigation, and deliberation. We convene meetings of these committees, which are mainly comprised of executive officers, periodically and as needed, as they support the decision-making of the managing directors and the business activities of respective divisions.

#### ■ CSR Promotion Council

The CSR Promotion Council establishes the general policies and activities that guide the entire Group in promoting CSR, provides general coordination of specific activities, and promotes implementation. 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 division and operating location, which then develop their own activities. Each Group company develops its own CSR promotion activities independently, while staying in communication with Kansai Electric Power.

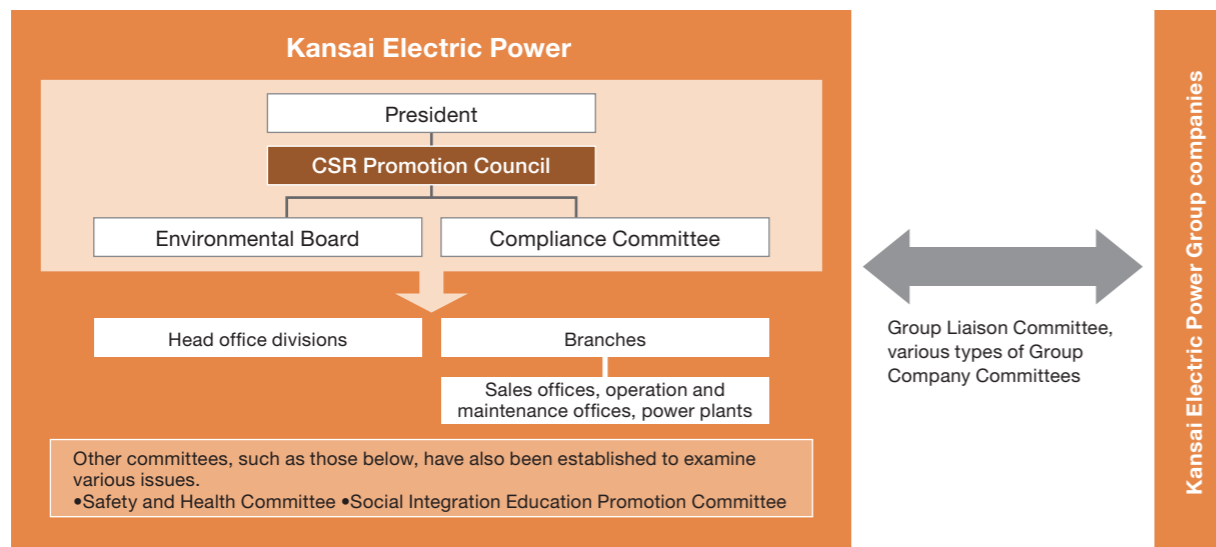
#### ● Compliance Committee

The Compliance Committee formulates general policies for the Group as a whole regarding compliance and promotes the coordination and implementation of specific policies. A Compliance Activity Plan, formulated every year through the committee's deliberations, is converted into concrete form in the action plans related to the business activities of the various head office divisions and branches, and is put into practice in the form of on-site training sessions and legal compliance status checks. The Compliance Consultation Desks, which have been established under this committee, examine and respond to employee consultations regarding compliance. The committee then uses the reports it receives to ensure that the PDCA cycle is being followed with regard to these activities.

#### ● Environmental Board

The Environmental Board promotes progressive efforts to address environmental problems across the entire organization. It implements environmental management activities based on various environmental policies, and formulates Eco Actions, specific action plans related to recycling-oriented business activities. In addition, the committee checks and reviews Eco Actions, and promotes sound responses to environmental problems.

#### ■ CSR Promotion System

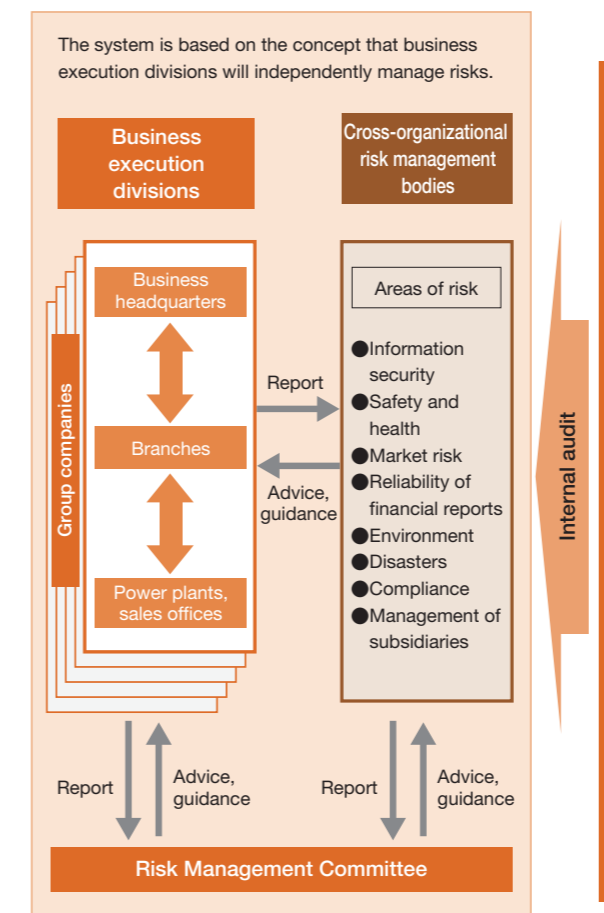


#### ■ Risk Management Committee

Pursuant to the Kansai Electric Power Group Risk Management Rules, the risk associated with business activities is, in principle, managed autonomously by each business execution division. In cases of risk deemed to be of cross-organizational importance, risk management is strengthened by the presence of risk management bodies with specialized expertise that provide advice and guidance to the various business execution divisions. In addition, a Risk Management Committee has been formed to manage risk comprehensively. This committee strives to manage risk associated with Group business activities at the level deemed appropriate in each case. Based on this risk management system, the Company actively engages in appropriate financial reporting pursuant to the Financial Instruments and Exchange Law, and in efforts to ensure the trustworthiness thereof.

Furthermore, taking into account the risks arising from large changes within the business environment since the Great East Japan Earthquake, the Group will come together as one to provide a stable response to various risk factors.

#### ■ Risk Management System



#### ■ Nuclear Safety Enhancement Committee and Nuclear Safety Verification Committee

We established the Nuclear Power Integrity Reform Committee following the accident that occurred at Mihama Nuclear Power Station Unit 3, and since then, we have been following up on our accident recurrence prevention measures and engaging in activities to foster a safety culture. From June 2012, the committee has been renamed as the Nuclear Safety Enhancement Committee. Building on its previous efforts, it has been promoting company-wide activities to enhance voluntary and continuous initiatives for safe nuclear power.

We also changed the name of the Nuclear Power Integrity Reform Verification Committee, composed mainly of outside experts, to the Nuclear Safety Verification Committee in June 2012. This committee, as with the former body, is providing its advice and recommendations to Kansai Electric Power.

We are informing the public about these activities on our website to ensure transparency.

#### ■ 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.

An Office of Internal Auditing, consisting of 38 members, has also been established as an organization specially assigned to perform internal auditing. The office conducts regular auditing of risk management systems, risk management status, and other relevant issues, and submits proposals and reports to the Executive Meeting concerning internal auditing plans and their results. It also strives to achieve appropriate business management by ensuring that individual workplaces undertake necessary improvements based on the auditing results.

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 approach to management and action standards that are embodied in the Kansai Electric Power Group Management Vision and the Kansai Electric Power Group CSR Action Charter. We ensure the propriety of our corporate group's business activities by supporting and providing advice on the development of autonomous management structures by our subsidiaries based on our internal regulations related to subsidiary management.

We strive to prevent any losses to the corporate value of the Group as a whole by participating in important decision-making by our subsidiaries, and periodically checking on their management status.