



power with heart

Our brand statement “power with heart” expresses our wish to
**become a “power” for our customers and communities through
our sincere and passionate services.**

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.

This report presents information on standard disclosure items as stipulated in GRI's Sustainability Reporting Guidelines, Version 4. Content related to environmental issues has been prepared with reference to the Environmental Reporting Guidelines (2012 Version) issued by the Ministry of the Environment.

Place of publication

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Scope of Report

Period covered: April 1, 2015, to March 31, 2016 (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.

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.

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Makoto Yagi

Makoto Yagi
Chairman and Director

Shigeki Iwane

Shigeki Iwane
President and Director

Celebrated the 65th anniversary of the foundation of the Kansai Electric Power Company on May 1, 2016

1951	1963	1970	1973	1976	1984	1991	1995	2000	2003	2004	2011	2016			
● KEPCO is founded upon restructuring of the nationwide electric utility industry.	● Kurobegawa No. 4 Power Station is finally completed after difficult years of construction.	● KEPCO's first nuclear power generation starts when Mihama Nuclear Power Station Unit 1 goes into commercial operation.	● Japan suffers from the first oil crisis.	● The 500 kV bulk transmission line was completed and went into operation.	● The Deming Prize is presented to KEPCO, which is the first corporation winner except for manufacturing and construction industries in Japan.	● The steam generator tube rupture accident happens at the Mihama Nuclear Power Station Unit 2.	● The Great Hanshin-Awaji Earthquake	● The Himeji No.1 Power Station Unit 5 starts operation with the first multiple-shaft reheating-type combined-cycle power generator in Japan.	● Deregulation of electricity retail sales begins.	● The San Roque Hydropower Station in the Philippines starts operation as the first wholesale electricity supply project for a Japanese electric utility to participate.	● The pipe rupture accident occurs in the secondary system of Unit 3 of the Mihama Power Station.	● Deregulation of retail electricity sales expands into high voltage retail market.	● The Great East Japan Earthquake	● The Sakai Solar Power Station goes into full operation as the first large-scale photovoltaic power plant constructed by an electric utility in Japan.	● Complete liberalization of electricity retail market begins.
Notification flyer of KEPCO's foundation (dated May 1, 1951)		The electric bulletin board of the Japan World Exposition 1970 announces that KEPCO's Mihama Nuclear Power Station successfully made a trial transmission of electricity generated by nuclear power.								Sakai Solar Power Station (2011)					

We will keep on changing in order to fulfill our unchanging mission to “serve our customers and society.”

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

In May 2016, our group celebrated its 65th anniversary of the foundation of the Kansai Electric Power Company (KEPCO). Looking back, the road to the present was certainly not always smooth. Notable accomplishments include completion of Kurobegawa No. 4 Power Station, which was said to be the most difficult construction project in the 20th century in Japan, being the first among all the domestic electric power companies to undertake nuclear power generation, recovering rapidly from the Great Hanshin Awaji Earthquake Disaster and assuring the stabilization of power supply and demand after the Great East Japan Earthquake Disaster.

We wish to express sincerely our deep and heartfelt gratitude for the support that we have received over the decades from our customers, shareholders and all other stakeholders. This has allowed our group to overcome all the challenges mentioned above and reach this milestone year.

The KEPCO group aims to become the choice of our customers now and forever.

In April this year, complete liberalization of the electricity retail market started, and complete liberalization of the gas retail market is scheduled to start next year. The energy business industry has entered an era of true competition with these changes and other deregulatory factors.

In order to take on challenges in this business climate and achieve sustainable growth in this “new energy era,” our group formulated a Management Philosophy, Guidelines for Action and a Kansai Electric Power Group Vision that will guide us into the future.

In addition, we set forth our corporate brand statement, “power with heart” that clearly expresses our business policy and the values we provide. Each member of our group companies holds the belief that “we wish to become a dependable source of ‘power’ for our customers and society by working with sincerity and passion to provide valuable

services”. By doing these, all the KEPCO group corporations keep striving to become the choice of our current customers and our potential customers now and forever.

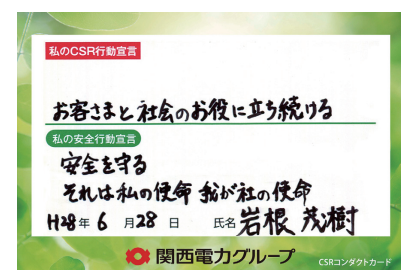
Furthermore, as the first step toward the realization of “the enterprise we want to become” set forth in the Kansai Electric Power Group Vision, we will move forward forcefully in fiscal year 2016 with the determination to take on challenges of the Medium-term Management Plan (2016–2018), which is our three-year action plan that was made public in April.

We will keep on changing in order to fulfill our unchanging mission

In this period of great upheaval, our corporate group has decided to set up a new management structure. Even with this renewal, in addition to “top priority to safety” and “surely fulfilling CSR obligations,” which are items specified in our Management Philosophy and elsewhere, each member of the group companies will fulfill their duties so that we can “keep on changing to fulfill our unchanging mission,” which is to “serve our customers and society.” Doing so, we will put all of our effort into being able to earn your trust and respond to your expectations.

We ask all of you to provide your continued support and encouragement.

July 2016



Conduct Card

President's Action Declaration

- ・ We will continue to serve our customers and society.
- ・ Ensuring safety is my mission, and the mission of the Company.

Working with unwavering determination, we will achieve both the assurance of competitiveness and the establishment of profitability.

Shigeki Iwane
President and Director



Q What is your performance evaluation in the year under review (ended March 2016)?

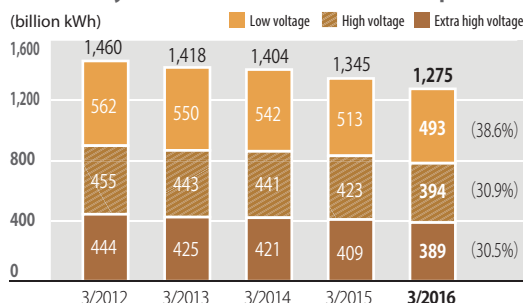
We were able to maintain a stable supply of electricity in fiscal 2015 thanks to the cooperation of our customers in conserving electricity and reducing their energy consumption as well as through our implementation of various measures to control supply and demand. The total electricity sales volume for the year was less than the previous year due to the cooperation mentioned above and the warmer winter climate than the previous year.

Under these conditions, even though we raised the electricity rates, the income of our electric power business declined because of the reduced total electricity sales and the fuel cost adjustment system among other factors. Furthermore, in addition to the decline of revenue from lighting and power, operating revenue also decreased in the other business units because of reduced operating revenue from the comprehensive energy supply unit due to the

decline of the gas sales price and other factors. Meanwhile, we endeavored to thoroughly reduce various outlays by making business more efficient. In addition, in our electric power businesses, along with the drop in fuel prices, thermal fuel costs decreased among other factors, reducing ordinary expenses. As a result, our business income and expenditure balance was in the black for the first time in five years.

In our information and communication businesses, earnings grew led by our Fiber to the Home (FTTH) services. We were able to continue building foundations for profitability in other businesses as well, for example, through gas sales, utility services and other energy solutions in the comprehensive energy supply field and by providing services related to real estate and daily life in the lifestyle amenities field.

● Electricity Sales: Trends in Volume and Composition



Note: The subjects of liberalization are as follows. (By the March 2004 period, customers who receive electricity via grids with extra-high voltage of at least 20,000 V and use power on a scale of at least 2,000 kW as a rule. By the March 2005 period, customers who receive electricity via grids with high voltage of at least 6,000 V and use power on a scale of at least 500 kW as a rule. During the March 2006 to March 2015 periods, customers who receive electricity via grids with high voltage of at least 6,000 V and use power on a scale of at least 50 kW as a rule. All customers from the March 2017 period and after.) The individual numbers and the total column might not match due to rounding.

● Performance by Business Segment (before inter-segment cancellation)

Business Segment		March 31, 2015	March 31, 2016	Increase/Decrease	
		Amount (millions of yen)	Amount (millions of yen)	Amount (millions of yen)	Percentage (%)
Electric Power	Operating revenues	2,950,506	2,806,454	-144,052	-4.9
	Operating expenses	3,084,476	2,607,794	-476,682	-15.5
	Operating income/loss	-133,969	198,660	332,630	-
IT	Operating revenues	213,195	218,294	5,099	2.4
	Operating expenses	194,778	200,942	6,163	3.2
	Operating income/loss	18,417	17,352	-1,064	-5.8
Other	Operating revenues	571,713	537,025	-34,688	-6.1
	Operating expenses	535,486	497,888	-37,598	-7.0
	Operating income/loss	36,226	39,136	2,910	8.0

Note: The above figures exclude consumption taxes.

Q What are the key points of the new Medium-term Management Plan and the management initiatives for the upcoming years?

Since the Great East Japan Earthquake Disaster, our group has made breaking through the crises right before us the most important management task, so we have steered management with plans for single fiscal years. While the environment surrounding the electricity business is changing dramatically as exemplified by the complete liberalization of the electricity retail market from April this year business opportunities are expanding, the complete liberalization of the gas retail market is also planned for next year. These offer our corporate group chances for new growth.

With these opportunities before us, rather than the path of growth that we followed in the past, we must respond to the rapidly changing

environment proactively and flexibly with new ideas. In order to grow sustainably over the long term, we formulated our Management Philosophy and the Kansai Electric Power Group Vision in March, clarifying how our corporate group should be in this new management environment.

Based on our new philosophy and vision, we believe that pointing to the path on which our group should advance in order to realize our desired form in the future is indispensable not only for management purposes, but also for all of our stakeholders. As the first step, we have formulated a Medium-term Management Plan, which is a concrete three-year action plan.

With “challenge” as the concept expressing our determination towards the advancement of the Medium-term Management Plan, we are striving for growth in a new energy era and orientating ourselves toward management that emphasizes profitability. At the same time, we are also focusing on working to expand business domains and areas without being restricted to our past business framework, which was electric power in the Kansai region.

Moreover, through these kinds of efforts, we have set the direction of business for realizing rapid growth not only in the comprehensive energy supply business and international business, but also for the entire group, including international businesses and other group businesses. Specifically, we have made the “Enhancement of competitiveness in the comprehensive energy supply business,” the “Establishment of new pillars for growth” and the “Strengthening of group management foundations” the pillars of our Medium-term Management Plan. Furthermore, by setting quantitative goals for each business, starting with financial goals for 3 and 10 years later, we are expressing our path toward our desired form and future growth even more concretely.

Regarding “Enhancement of competitiveness in the comprehensive energy supply business,” we are making maximum efforts to restart nuclear power plants that have been confirmed for safety as soon as possible, for example. These include responding to litigation and national inspections, beginning with seeking the revocation of the

provisional disposition to suspend operation of Takahama Nuclear Power Station Units 3 and 4. We are also conducting activities to raise the understanding of the public, including local communities. Moreover, we will also advance efforts that include expanding rate options and services, developing comprehensive sales activities that incorporate electricity and gas into group services, fully entering markets outside the Kansai area with a focus particularly on the Tokyo Metropolitan region and maximizing efficiency through cost structure reforms.

Regarding the “Establishment of new pillars for growth,” we will not be restrained by our past business frameworks. We will work with resolute determination to grow our international business and group businesses, particularly in information and communications along with real estate, and to develop new businesses, products and services by promoting innovation.

For the “Strengthening of group management foundations” goal, we will advance our rock-solid transmission and distribution networks and build organizations and governance structures that maximize group value. In addition, we will also take on changes and challenges by strengthening human resource foundations and by reforming corporate cultures in ways that are suitable for a new energy era.

By implementing these measures and undertaking our management with the top priority to safety and the fulfillment of social responsibilities as criteria, our group will focus all its power on being able to meet the expectations of the public.



What efforts are being made to increase safety at nuclear power plants?

We have taken to heart the lessons from the Fukushima Daiichi Nuclear Power Station disaster. Our company has been unified in working to improve the safety of nuclear power generation based on the “Further Strengthening of Ongoing Voluntary Efforts to Enhance Nuclear Safety,” which we set as a road map, since June 2014.

As an example of recent efforts, we are actively gathering foreign knowledge for increasing safety and other improvements based on our recognition that extensively learning and utilizing expertise from overseas for the enhancement of risk management is necessary. For example, we are conducting information exchanges with foreign electric power businesses about topics that include measures for aging facilities and holding discussions with top nuclear power managers from US nuclear power businesses.

In addition, for disaster prevention, which is a topic that is of great concern to the local governments and residents of the regions where these plants are located, we are holding repeated discussions with local governments and actively supporting and cooperating with them. In order to contribute to the enhancement of local government evacuation plans, we are providing transportation means for resident

evacuation, for example. Our other efforts to increase our capacity to respond at times of accident include implementing training in realistic conditions without providing advance notice about scenarios. Moreover, we are also working to strengthen our disaster response systems.

Furthermore, in April this year we concluded an agreement of mutual cooperation in the nuclear power business with the Chugoku Electric Power Company, the Shikoku Electric Power Company and the Kyushu Electric Power Company. This agreement includes the enhancement of measures to prevent the spread of nuclear power disasters and measures for their recovery. In addition to cooperation during nuclear power disasters, we are working together as four companies to advance the implementation of decommissioning measures and the installation of facilities for dealing with specific serious accidents. We are confident these efforts will contribute to further improving the safety and reliability of nuclear power businesses.

In the future, we will go beyond rules frameworks as we continue to advance independent and sustained efforts toward improving the safety of nuclear power generation.



What is your policy on returns for shareholders?

To appropriately share the results of its business operations with its shareholders, Kansai Electric Power has made the stable payment of dividends a core part of its basic policy for returning profits to shareholders.

In fiscal 2015, fuel cost declines and other temporary factors that improved our income and expenditure balance resulted in profitability, but improving our damaged financial condition is still an urgent matter. As a result of the provisional disposition preventing the operation of Units 3 and 4 of the Takahama Nuclear Power Station issued by the Otsu

District Court in March this year, we cannot predict when restarting the operation of this plant will be possible. For this and other reasons, we are in a situation where we cannot concretely forecast income and expenditure beyond the 2016 fiscal year. In conclusion, although it is unsatisfactory, we have decided not to issue dividends for fiscal 2015.

For the time being, we will work to restart our nuclear power plants as soon as we can and to make our management more efficient as we seek to resume the distribution of dividends in the nearest term possible.