Kansai Electric Power Group CSR Report 2006



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Overview of Kansai Electric Power

Company name	The Kansai Electric Power Company, Incorporated	Power generation facility capacity (total 35.761M kW) [2005 fiscal year-end amounts for Kansai Electric Power only]
Headquarters	3-6-16 Nakanoshima, Kita-ku, Osaka 530-8270 TEL: 06-6441-8821 http://www.kepco.co.jp/english	Hydropower 23%
Date of establishment	May 1, 1951	8.186M kW Thermal
Paid-in capital	489.32 billion yen (as of March 31, 2006)	50% Nuclear 17.807M kW
President and Director	Shosuke Mori	9.768M kW
Main business	Electric power industry	
Supply area	Entire Osaka, Kyoto, Nara, Shiga and Wakayama prefectures; greater part of Hyogo prefecture, portions of Mie, Gifu and Fukui prefectures	Gross system input (total 160.209B kWh) [Includes electric power from other companies and other sources in the 2005 fiscal year]
Number of group companies (as of March 31, 2006)	62 consolidated subsidiaries 1 affiliate accounted for by equity method	From other companies and
Number of employees (as of March 31, 2006)	30,674 (consolidated), 20,408 (single)	0ther sources 27% Nuclear 44.012B kWh 40%
Electricity sales	147,108 million kWh	64.544B kWh
Operating revenues	2,579,059 million (consolidated), 2,403,587 million (single)	1996 9% 14.089B kWb Thermal
Current profit (fiscal 2005)	247,552 million (consolidated), 219,283 million (single)	23% 37.564B kWh
Net income (fiscal 2005)	161,049 million (consolidated), 143,548 million (single)	
Total assets (as of March 31, 2006)	6,856,489 million (consolidated), 6,268,884 million (single)	* Due to rounding the total does not equal 100%.
		Otozawa
System map (as of March 31, 2006)		Johana
Legend Hydropower plant Thermal power plant Nuclear power plant Substation Substation Converter station 500 kV transmission line 187–275 kV transmissio	Mihama R Reinan Maizuru Takahama Ohi Shin-Ayabe Okutataragi Okawachi Okutataragi Okawachi Okutataragi Okawachi Okutataragi Okawachi Okutataragi	Shimokotori Miboro Seki Higashiomi
 Tie point with other power co Kansai Electric Power's supp 	mpanies ly area Ny are	lo

Higashi Yamato

Okuyoshino

Nanko

Kihoku Gobo

Sakaiko 📕 🏓 Shiki awa No. 2

Editorial policies

- This report about the Kansai Electric Power Group's efforts related to the economy, society and the environment is for our customers and all our other stakeholders that support our businesses.
- \bigcirc In this report, we have endeavored to show clearly the PDCA cycle that we use in making policies and plans for Kansai Electric Power Group efforts related to CSR. The PDCA cycle includes plan (P), do (D), and check (C), followed by Act (A), the stage in which we review our efforts in order to improve them in the next fiscal year.
- \bigcirc In addition, we have created a topics page in each chapter to spotlight important efforts from among Kansai Electric Power Group activities.
- O Furthermore, we have included the voices of our employees and stakeholders throughout in order to convey the essence of our efforts vividly.
- \bigcirc In each chapter, to allow our readers to examine the degree that we realized the new goals that we set in response to evaluations of our efforts in the previous fiscal year, we have included commentary provided by the same experts that we conversed with in our previous CSR report as well as opinions from others.
- In preparing this report, we referred to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2002 edition) and the Ministry of the Environment's Environmental Report Guidelines (fiscal 2003 edition).
- On page 75, we have published Hitotsubashi University Graduate School of Commerce and Management Professor Kanji Tanimoto's opinions about this report.
- O We have received inspections from a third party organization in order to provide assurance of the objective reliability of the environmental information provided in this report. As a result of receiving these inspections and fulfilling the Environmental Report Inspection Registration Mark Allowance Standards of

The Japanese Association of Assurance Organizations for Environmental Information (http://www.j-aoei.org/), we are allowed to use the mark to the right.



Scope of report

- Period covered: April 1, 2005 to March 31, 2006. However, important items from between the end of this period and the publication of this report have also been included.
- · Companies covered: The Kansai Electric Power Co., Inc. and Kansai Electric Power Group companies
- · Areas covered: economic, social, environmental

Report publication period

Published November 2006.

2005 edition published January 2006. 2007 edition scheduled to be published in the summer of 2007.

Reference

In addition to this report, please see our web site for detailed information about Kansai Electric Power Group efforts for corporate social responsibility and the environment.

http://www.kepco.co.jp/corporate/csr/index.html

· When a related web site exists for a topic covered in this report, we have indicated the URL with this mark:

Kansai Electric Power Group CSR Report 2006

Overview of Kansai Electric Power01			
Editorial policies, Contents02	Message from our President03		
Management policies······05	Corporate governance······06		
CSR policies······07	Efforts to promote CSR······08		
2005 fiscal year overview······09			
I Providing Safe and Stable Products and Services			

Topics Maintaining safety is our company's mission -Status of our implementation of measures to prevent the occurrence of another accident like the disaster at Mihama Power Station Unit 3------11

With a sense of duty-our mission and responsibility to provide a safe and stable supply of electric power17

Our Hap-e Point Club offers enjoyable lifestyle benefits for customers......19 Working to provide the best service20

Creating value for customers as a unified group21

Evaluations of our efforts and reflection of the results in the next fiscal year24

II Pioneering Efforts to Protect the Environment

Fopics ① Sakaiko Power Station facility renewal plan
2 Plan for the largest scale biomass cofiring implementation in Japan at
Maizuru Power Station, Etc25
Environmental policy······27
Status overview of our environmental load
Eco Action (targets and results)······29
Environmental management·······31
Environmental accounting ·······33
New ERA Strategy for confronting global environmental issues
Efficiency-achieving more efficient energy use throughout society
Reduction-decreasing greenhouse gas emissions through the supply of
electric power ······37
Activities abroad-efforts to prevent global warming overseas·······38
Responding to community environmental issues
Promotion of business activities suitable for a recycling-oriented society41
Efforts to reduce radioactive waste ······43
Communication about the environment45
Group company eco-businesses······47
ndependent review······49
Evaluations of our efforts and reflection of the results in the next fiscal year50
III Actively Contributing to Regional Society

Topics ① Protecting historical assets by inspecting electrical equipment at cultural heritage sites51

Efforts at each business place54

IV Respect for Human Rights and Creation of Good Workplace Environments

Opening unlimited possibilities at Kanden L-Heart Co., Inc......57 Topics

Efforts related to safety and health59 Equal opportunity employment and creation of comfortable workplaces.......60 Evaluations of our efforts and reflection of the results in the next fiscal year62

Transparent, Open Business Activities

① Conveying the importance of energy to the children who will be responsible for our society in the future-school visit63

 $\ensuremath{\textcircled{\text{@}}}$ Thinking about energy together with the people of the regions both of electricity producing and consuming64

Diverse opportunities for communication65

Evaluations of our efforts and reflection of the results in the next fiscal year67

VI Thorough Compliance

① Promotion of information security to prevent the repetition of Topics past errors······69

> 2 Thinking about compliance together: Frontline Workplace Compliance Promotion Staff Training70

Promotion of autonomous efforts in each workplace and implementation of training71

Expansion of efforts to promote compliance72

Promotion of information security and personal data protection73 Evaluations of our efforts and reflection of the results in the next fiscal year74

Third party commentary75

Reference data Operation data77 Environmental data78 Data by thermal power station81

Guidelines reference table83

Organization ······86

Please check these sites for additional information.

Message from our

Our spirit from the beginning

Continue to serve customers and communities –

Since our establishment, the mission of Kansai Electric Power has been "Continue to serve customers and communities through the provision of electricity." We have sought to fulfill this mission while considering environmental problems and other issues such as living in harmony with the regions where we operate.

Even as our business fields now expand, this spirit is being sustained by our entire group. We continue to support the lifestyles and economic activities of the people of the Kansai region, where we are based, through our energy businesses, especially the provision of electric power, and in various other fields including data communications and lifestyle amenities.

Our promise to society

–The Kansai Electric Power Group CSR Action Charter–

In recent years, as the continuous development of society has become an important issue, questions are again being asked about the stances and true values of enterprises. To what extent are businesses fulfilling their corporate social responsibilities and contributing to the development of society through their business efforts?

At the Kansai Electric Power Group, we have been considering changes in society too, and in March 2004, we established the Kansai Electric Power Group CSR Action Charter. In order to realize its goals and fulfill the spirit that we have had since our establishment, we have reorganized our efforts according to six action principles. Through these measures, we have reaffirmed the common fundamental approach of the whole group, which is to "reliably execute all our business efforts and steadily fulfill our responsibilities as businesses to our customers, the local communities where we operate, our business partners, our clients, our shareholders, our employees and our numerous other stakeholders." We have shown society once again our commitment to fulfilling our corporate social responsibilities proactively.

Unending effort to earn trust

Just as we had created our CSR Action Charter and were seeking to implement it as a group, however, we were responsible for causing several serious incidents, most notably the accident at the Mihama Power Station. These incidents created great trouble and concern for society, particularly the communities where we operate. We are reflecting deeply on our failure to make CSR ideas permeate the consciousness of every member of our staff and to realize effective efforts to prevent these accidents. We are now conducting structural reviews and investigating corporate culture and employee awareness in order to fulfill our social responsibilities with certainty and regain the trust of our stakeholders.

On the structural level, we are reexamining the business activities of all our divisions, starting with our Nuclear Power Division, and rebuilding and reforming structures as necessary from the fundamentals. We are also optimizing the distribution of finances, personnel and other economic resources. Furthermore, as part of our reevaluation of employee awareness and corporate culture, members of our management are actively visiting every frontline workplace to exchange opinions with employees and implement awareness-raising efforts, focusing especially on training CSR promotion leaders. The goal of these efforts is to make every employee aware of the idea that we "protect what we must protect and fulfill the responsibilities that we must fulfill." We want them to naturally carry out their daily activities guided by this idea that is a foundation of CSR.

Through steady efforts such as these, we seek to realize our goal of being a "customer satisfaction No. 1 enterprise."

President

Our communication goal for this CSR Report

—We want to keep moving forward together with you—

During the preparation of this CSR Report, we sought to communicate the reality of the various efforts of the Kansai Electric Power Group in detail by explaining the ideas behind our actions as well as how we conducted them.

In order to fulfill our corporate social responsibilities, we have taken various opportunities to listen to valuable opinions from people outside our company. I believe that it is important to reflect these opinions that we have received in our business activities.

We appreciate your reading this report and would be grateful to receive your unrestrained feedback about problems you perceive in our efforts, future issues, your expectations and other suggestions. At the Kansai Electric Power Group, we want to keep moving forward together with you into the future.

Shosuke Marin

President and Director

Management policies

No matter how much the business environment has changed, our customer-oriented spirit has been the same since our establishment. We will share this spirit with the entire group again and implement measures steadily one step at a time in order to realize this ideal.

Overview of Management Vision, CSR Action Charter, and CSR Action Standards



Kansai Electric Power Group Management Vision

Our ideal form

-Kansai Electric Power Group management vision-

We created the Kansai Electric Power Group Management Vision and reconfirmed our dedication as a group to putting customers first, a commitment that has not changed since our establishment.

In order to realize our goal of being a "customer satisfaction No.1 enterprise", we believe that providing the best service and fulfilling our corporate social responsibilities are indispensable. Our individual employees provide the power to achieve these goals, and their realization will assure our expected profits and growth as a group.

As we continue to improve our businesses, we intend to support the lifestyles of our customers by providing our products and services, particularly those in the energy field.





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

Corporate governance

In order to maintain business operation transparency and health and realize continuous growth of business value, at the Kansai Electric Power Group, we are endeavoring to realize thorough corporate governance as one of our most important management activities.

Overview of corporate governance



Strategic handling of management issues

Our Board of Directors has a regular meeting once per month and special meetings as necessary to deliberate and make decisions about important management issues. The Board of Directors also receives reports regularly about the directors, including the status of execution of their work, and supervises their activity.

Furthermore, executive meetings, which are comprised of our executive directors, are held once per week as a rule in order to realize swift and appropriate decision-making regarding the execution of important work duties and execute efficient and effective company operation.

Assuring transparency and soundness

Kansai Electric Power employs an auditor system. Auditors attend Board of Directors meetings, executive meetings and other important meetings where they express their opinions and listen to explanations from directors about important management issues. They also investigate that status of work duties and assets at our main business places, and otherwise audit the execution of work duties by directors for legality and propriety.

Furthermore, among other efforts we have made to achieve thorough auditing functions, we have established an Auditing Office to support the work of the auditors and the Board of Auditors. This full-time organization with 13 staff members is responsible for daily auditing work, the operation of the Board of Auditors and related tasks. The Auditing Office is under direct control of the auditors and is not involved in any activity related to the execution of Kansai Electric Power Group work.

Moreover, as external company officers, we have appointed three directors and four auditors who come from outside our company. Since the total number of auditors is seven, more than half are from outside. No special interests exist between these external officers and Kansai Electric Power (as of June 29, 2006).

Management of risks that arise from business activities

The basis of our management of risks that arise from business activities is the autonomous efforts of each work execution division based on our Kansai Electric Power Group Risk Management Regulations. For serious risks and those that cut across the organization, we have created risk management points equipped as necessary with specialties according to the risks. We are also working to strengthen risk management by providing advice and guidance to each work execution division. Furthermore, we have established a Risk Management Committee for overall management of risk and are endeavoring to manage risks at appropriate level in the business efforts of the Kansai Electric Power Group.

Thorough internal auditing functions

In addition to sharing the various management problems related to quality and safety and deliberating them widely throughout the group, we have established an Internal Auditing Committee in order to assure the appropriateness of internal auditing with impartial and expert perspectives group-wide and to take in external opinions and information. Furthermore, as a full-time organization for internal auditing, we have created an Office of Internal Audit with 41 staff members who conduct regular auditing of risk management systems and risk management status. They also discuss and report internal auditing plans and results at our executive meetings.

Moreover, based on the auditing results at every workplace, we are conducting reform efforts as needed and otherwise striving to assure suitable conduct of work duties.

Our auditors, internal auditing division (Office of Internal Audit) and accounting auditors maintain close mutual cooperation through efforts that include suitable coordination of the execution of their audits and exchange of opinions about auditing results.

Incorporation of an Executive Officer System

Seeking to further enhance the level of our corporate governance, we reduced the number of corporate directors and implemented an Executive Officer System at the 2006 regular General Meeting of Shareholders. Through this, we have revitalized the Board of Directors, accelerating decision-making and strengthening supervision functions, as well as increasing the speed and efficiency of work execution.

CSR policies

Our business activities are supported by the trust of our numerous stakeholders. By reliably fulfilling our duties and sincerely responding to their expectations, we are endeavoring to contribute to the continuous development of society as one of its members.

Our guide to fulfilling our corporate social responsibilities: the Kansai Electric Power Group CSR Action Charter

The business activities of the Kansai Electric Power Group are supported by our customers, shareholders, investors, business partners and employees, as well as the residents of the region and many other people throughout society. This trust that the Kansai Electric Power Group has received from our stakeholders is the foundation for fulfilling our business mission and achieving continuous growth.

In addition to steadily fulfilling our duties as a member of society, including assurance of compliance and transparency, we want to contribute to the continuous development of society and solidify the trust our stakeholders have in us by sincerely responding to the expectations that members of society have about the business activities of the Kansai Electric Power Group.

Based on this desire, we established the Kansai Electric Power Group CSR Action Charter in March 2004, and vowed to conduct all of our business efforts and fulfill our corporate social responsibilities based on its six action principles.

 CSR Action Principles

 Providing Safe and Stable Products and Services

 Pioneering Efforts to Protect the Environment

 Actively Contributing to Regional Society

 Respect for Human Rights and Creation of Good Workplace Environments

 Transparent, Open Business Activities

 Thorough Compliance

Kansai Electric Power Group CSR Action Charter



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

Enabling individual employees to please our customers—The Kansai Electric Power Group CSR Action Standards

The power behind our business efforts is provided by our individual employees. We respect that each of our employees is irreplaceable, and we are endeavoring to take their ideas seriously and maximize their strengths by building a corporate culture and creating structures based on the themes of "happy staff," "interesting work," "strong frontline workplaces" and "harmonious workplaces."

Furthermore, we set specific standards at the individual level in the Kansai Electric Power Group CSR Action Standards in May 2005 to help individual employees, as members of society, fulfill their own responsibilities reliably and be able to respond to the expectations of society. As a result, individual employees are also carrying out their work duties in accordance with our CSR Action Standards now.

Stakeholders

We interact with diverse stakeholders in our business activities. We believe that earning the trust of these stakeholders is very important for our business efforts.

In addition to communicating our efforts and current conditions as they are to our various stakeholders, we are proactively promoting two-way communication and striving to respond sincerely to opinions, impressions and other feedback. Furthermore, we use these thoughts and ideas when we consider questions such as "what do we need to do to earn even more trust from our stakeholders?" and "what can we do to contribute to society more?"

We will continue to value our relationships with our stakeholders highly.



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





Efforts to promote CSR

In order to fulfill our corporate social responsibilities as a group as a whole, we are undertaking CSR promotion efforts lead by our CSR Promotion Council.

CSR promotion organization centered on our CSR Promotion Council

At the Kansai Electric Power Group, we established our CSR Promotion Council on April 2004 with our President as the Chair. This council is undertaking the planning of comprehensive policies related to promoting CSR throughout the whole group, including the coordination and adjustment of specific policies, the promotion of implementation and other measures.

Based on policies planned by the CSR Promotion Council, in addition to making efforts for CSR promotion at every Kansai Electric Power business place, we are promoting CSR throughout our entire group. We have established CSR Oversight Managers and CSR Oversight Desks at every group company, and we provide information to group companies and exchange opinions with them at Group Communication Meetings.

In order to continue to promote CSR throughout the group as a whole, we are investigating comprehensive policies and promotion measures while considering the opinions from each of our group business sites.



Each Kansai Electric Power Group company

CSR promotion efforts

Messages from management

In CSR promotion, management bears the responsibility for conveying the company's approach to CSR issues to each business place. Our managers, including our President, proactively visit our frontline workplaces where they convey the Kansai Electric Power approach to CSR directly and exchange opinions



President Mori (2nd from the left) at a frontline workplace

about the issues and problem awareness of these frontline workplaces. Through these efforts, we are striving to both promote understanding of company CSR stances at frontline workplaces and identify issues and problems early for rapid reflection in business operations.

Efforts to raise awareness by training CSR promotion leaders

In order to promote corporate social responsibility, we believe that deepening the understanding of employees is important so that they carry out their individual work duties with this awareness. For this reason, we are undertaking awareness-raising efforts at every Kansai Electric Power workplace by appointing and training CSR promotion leaders.

During these training sessions, we not only transmit knowledge through lectures, we also use case studies to encourage the participants to think for themselves and discuss the issues in order to cultivate their awareness. Then, based on what they learned in the training,



CSR leader training session

these leaders individually conduct awareness-raising efforts at their own workplaces. In the process of awareness-raising activities, individual participation in discussions and proactive communication are important.

Furthermore, we are including contents that deepen understanding of CSR in other training sessions at every level of the organization as part of our effort to make promotion of CSR an integral part of our corporate culture.

Various tools for spreading CSR awareness

In addition, we are using various tools in our efforts to make CSR awareness permeate our corporate culture.

- O Distribution of Conduct Cards*
- Inclusion of CSR explanations in our in-house newspaper and on our in-house portal site, etc.

Conduct Cards: These small portable cards are inscribed with the Kansai Electric Power Group management vision and CSR action standards. The back has a place for individuals to write their own action goals, so employees can use it to check their actions and purposes in their daily work duties.



Conduct card

2005 fiscal year overview Fundamental policies and main efforts

We set our fundamental policies for the 2005 fiscal year based on our management vision and CSR Action Charter

Kansai Electric Power Group Management Vision

Kansai Electric Power Group CSR Action Charter

I. Providing Safe and and S roducts Stable

At the Kansai Electric Power Group, as businesses that fulfill indispensable roles in maintaining society's lifelines, we are aware that we support the foundation of customer lifestyles and seek perfection on a daily basis in the provision of our products and services safely and stably.

II. Pioneering Efforts to

As energy businesses with deep relationships with the environment, at the Kansai Electric Power Group, we are aware of the size of the impacts that our business activities have on the global environment, so we strive to reduce the environment loads that result from them and achieve the highest worldwide protection standards. Furthermore. we are leading efforts to create a better environment and actively contributing to the creation of a sustainable society.

Fundamental policy for the 2005 fiscal year

With the enactment of the Kvoto Protocol, we will further expand our efforts for the environment. particularly global warming prevention measures, and this will lead to increasing the value of our businesses.

II. Actively Contributing to Regional Society

At the Kansai Electric Power Group, as businesses that are deeply involved in communities and lifestyles, we are aware that without the development of regional society, our development is impossible. For this reason, we proactively contribute to the development of regional society through efforts to vitalize the regional economy and local communities.

Fundamental policy for the 2005 fiscal year

industrial vitalization and coexist in harmony with

communities, we will support the participation of our

employees in activities that contribute to society.

As we contribute to regional development and

Fundamental policy for the 2005 fiscal year

In addition to implementing thorough measures to prevent the recurrence of accidents and troublesome incidents, we are making assurance of safety our top priority and striving to perfect the forms, maintenance and operation of our facilities. In this way, we will provide a stable supply of electric power and prevent accidents and disasters, reliably delivering services to satisfy our customers

Main efforts (pages 11–24) **Topics** Maintaining safety is our company's mission -Status of our implementation of measures to prevent the occurrence of another accident like the disaster at Mihama Power Station Unit 3-Our mission and responsibility to provide a safe and stable supply of electric power Measures to prevent the recurrence of an accident like the disaster at Sat and st supp ic ses

e able ily	Mihama Power Station Unit 3			
	 Optimization of power source composition 			
	 Realization of a high quality electric power distribution system 			
	 Reform of fundamental work processes and our quality management system 			
	 Responding at times of disaster and emergency 			
	Providing the best service			
	 Hap-e Point Club 			
	 Electricity rate reduction 			
	 Listening to customers 			
	 Customer satisfaction surveys 			
mer	Thorough telephone reception system			
ce ment	 Creating value for customers as a unified group 			
	 Efforts in the information technology field 			
	Efforts in energy-related fields			
	Efforts in lifestyle fields			
	Combining group services			
	 Reflecting the voices of our customers in our services 			

Main efforts (pages 25-50) Topics Sakaiko Power Station facility renewal plan Plan for the largest scale biomass cofiring implementaion in Japan at Maizuru Power Station, Etc. Thorough environmental management En m Re en Re env р P of а su a r

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Others

Main efforts (pages 51–56) Topics Protecting historical assets by inspecting electrical equipment at cultural heritage sites Efforts to attract businesses for the vitalization of the Kansai region			
Harmony with communities	 Support for people with disabilities Art exhibitions that accept public submissions from disabled people Kanden Collabo Art 21 Participation in public welfare events Kanden Kagayaki Festival Promotion of arts, culture and sports Sponsoring classical concerts Supporting student American football in the Kansai region Support for employee volunteer activities Volunteer time-off system Matching gift program Provision of information through in- house publications Efforts at each business place Inspecting electrical equipment at cultural heritage sites and other important places Illuminated messages on business place buildings Employee volunteer activities Visits to social welfare facilities Environmental beautification efforts United efforts with group companies 		
Regional vitalization	 Business attraction efforts Attraction of a new factory to the site of the former Amagasaki Number 3 Power Station 		

Custo

serv

improv

ironmental nagement	system • Environmental Board establishment • Eco Actions: group company concrete action plans • ISO 14001 implementation • Implementation of the Kansai Electric Power Group Environmental Information Management System • Environmental accounting
ponses to global ironmental roblems	 Global warming prevention measures (New ERA Strategy) Efficiency-achieving more efficient energy use throughout society Reduction-decreasing greenhouse gas emissions through the supply of electric power Activities abroad-efforts to prevent global warming overseas
sponses o local ronmental roblems	 Measures to prevent air pollution, water pollution, noise, vibration, etc. Chemical substance measures Harmony and exchange with communities
omotion business ctivities itable for ecycling- riented society	 Promotion of reduction, reuse and recycling Promotion of green purchasing and energy and resource conservation in offices and other business places Suitable processing and disposal of radioactive wastes Establishing an atomic fuel cycle

Communication about the environment

Group company eco-businesses

and pursued these policies according to our six action principles to promote corporate social responsibility.

We seek to be a "customer satisfaction No. 1 enterprise" in the provision of energy and other businesses that support their lifestyles.

IV. Respect for Human Rights and Creation of Good Workplace Environment

At the Kansai Electric Power Group, we are aware that respect for human rights is an important duty based on international consensus, and we are endeavoring to assure that our workplaces are free from discrimination and are safe and easy to work in for every person involved in our group business activities.

Fundamental policy for the 2005 fiscal year

We will develop and establish a corporate culture in which human rights are respected as we also assure labor safety in order to create workplace environments where people can work in safety and health.

V. Iransparent, Open Business Activities

We are promoting even greater communication with members of society in order to reflect their feedback and assure fairness in the business activities of the Kansai Electric Power Group and to fulfill sincerely our responsibility to explain our activities to society. We are also conducting our business activities with high transparency and openness.

Fundamental policy for the 2005 fiscal year

We will provide timely and appropriate information in order to promote understanding of our business activities and fulfill our responsibilities to explain our activities to society. Furthermore, we will promote communication with members of society.

VI. Thorough Compliance

As members of society, businesses are expected to uphold business ethics and comply with laws and other rules, including their own corporate regulations. These duties are the foundation of all our activities at the Kansai Electric Power Group, and we are fulfilling them with certainty. Furthermore, we are building, maintaining and reforming structures that contribute to assuring their realization.

Fundamental policy for the 2005 fiscal year

Through active dialogue with frontline workplaces and other efforts, we will work to make compliance awareness, including the cultivation of legal risk management awareness, an engrained part of our business. We will also fully implement compliance promotion efforts at our group companies.

Main efforts (pages 63–68) Topics			
 Convey the chil our soc Thinkin the peo electric 	ing the importance of energy to dren who will be responsible for iety in the future—school visit ig about energy together with ople of the regions both of ity producing and consuming		
Promoting nderstanding about energy	 Transmission to the next generation Implementation of educational school visits Support of energy education projects Promotion of understanding about nuclear power generation Cooperation in exchange meetings between people from electricity producing regions and consuming regions Elforts for the Kansai Nuclear Power Information Internet site Implementation of nuclear power study tours 		
Providing timely and appropriate information nd promoting communication	Customers Providing information with a public relations magazine and an email magazine communication through an Internet members club Communication at every business place Sharing customer opinions throughout the company Creation of public relations facilities Shareholders and investors Provision of information through company explanatory meetings, interaction with investors and IR tools Media agencies Swift transmission and accurate disclosure of information to news agencies Stakeholders Communication using various tools, including the Kansai Electric Power web site and CSR Report		

Горіся	Main efforts (pages 69–74)		
Promotion of information security to prevent the repetition of past errors Thinking about compliance together: Frontline Workplace Compliance Promotion Staff Training			
omotion of tonomous rts in each kplace and ementation f training	 Autonomous efforts at every workplace Creation and implementation of compliance action plans Frontline Workplace Compliance Promotion Staff Training Observance of the Anti-Monopoly Law Continuous implementation of Anti- Monopoly Law training sessions Preparation of educational tools for use in the workplace Posting of compliance case studies on our in-house intranet 		
pansion efforts to romote npliance	 Expansion of the extent of coverage of our compliance consultation desks Elforts for impartial and fair materials procurement Procurement of materials based on our action standards Implementation of supply chain management efforts Promotion of information security and personal data protection Measures to prevent the repetition of information leak accidents Promotion of information security management Application of the Personal Information Protection Law Strengthening our group governance system 		

effo wor imp

Ex of p co

Providing Safe and Stable Products and Services

Topics

Maintaining safety is our company's mission -Status of our implementation of measures to prevent the occurrence of another accident like the disaster at Mihama Power Station Unit 3–

In August 2004, Kansai Electric Power allowed an accident to occur at Unit 3 of our Mihama Power Station. Since then, we have set 29 safety measures for implementation in keeping with our president's declaration, "Maintaining safety is my mission, our company's mission." We have been working on accident recurrence prevention measures to restore society's confidence in our business, especially in the local communities where we operate. From now on, we will steadily execute and continuously improve measures to prevent the occurrence of accidents, making safety our highest priority in enterprise management.

Declaration of the President

Maintaining safety is my mission, our company's mission.

Five basic action policies

- 1. Put safety first
- 2. Invest more actively in safety
- 3. Continuously improve maintenance management to ensure safety and establish closer cooperation with manufacturers and contractors
- 4. Strive to restore the trust of local communities
- 5. Objectively evaluate and widely disclose our safety initiatives

29 measures for the prevention of accidents



Ι

1. Put safety first

Vow to make safety our highest priority

Efforts

To prevent the lessons learned from the accident and the reconsideration of practices that resulted from being forgotten, every one of us will make safety the highest priority of our work.

We erected a stone monument with our Vow of Safety on the grounds of the power station to prevent the accident from being forgotten. In addition, we have

made August 9, the date of



the accident, our Vow of Safety Day. On this day, each of us at Kansai Electric Power reaffirms our commitment to not allowing such an accident to ever occur again.

Moreover, all employees set their own, "my safety action declaration," and always carry conduct cards as they pursue their work with safety as the highest priority.



Conduct card

Making the idea that safety is the highest priority permeate the consciousness of employees

Reflection on shortcomings

The idea that management makes safety our highest priority had not been directly conveyed to the frontline workplaces.

Efforts

Our managers, including the president, have been holding direct dialogues with company employees in frontline workplaces. The opinions and response of those employees from dialogues have been publicized widely in-house.



◇ First period: May–July 2005

- Number of times: 26
- · Number of opinions and requests: 256
- ♦ 2nd period: September–November 2005
 - Number of times: 21
 - · Number of opinions and requests: 277
- ♦ 3rd period: February–March 2006
 - Number of times: 15
 - · Number of opinions and requests: 184

We will do this continuously from now on

Evaluation and future issues

Management conveyed that safety is our highest priority in their own words, and our company employees in frontline workplaces have also taken this idea to heart. From now on, management will listen to frontline workplaces to identify problems and reflect the thoughts of frontline employees when making improvements.



. Thoughts from these dialogues are posted on our in-house web site

Enhancement of labor safety efforts

Reflection on shortcomings

From the perspective of labor safety, our efforts to investigate and eliminate dangers in our facilities and work practices were insufficient.

Efforts

cycle.

We are steadily undertaking full implementation of a labor safety and hygiene management system to eliminate and reduce potential facility and work dangers.

Evaluation and future issues

We believe that we have made progress in eliminating and reducing facility and work dangers, but we are seeking to improve safety awareness and reduce and eliminate dangers even further.



2. Invest more actively in safety

Efforts for labor safety

Reflection on shortcomings

Improvement proposals for labor safety had not often been adopted.

Efforts

We have placed high priority on construction work for labor safety measures, and we are steadily adopting proposals for necessary improvements. In addition, we adopted 460 of 662 proposals received from contractors and employees during our labor safety measure campaign (May–June 2005).

Examples of facility improvements

Mihama Power Station

We installed access stairs for the crane inside the nuclear reactor vessel (before improvement, ascent and descent had been by a vertical ramp).



Takahama Power Station

We installed access stairs on the outer casing of the low-pressure turbine (before improvement, a rope ladder had been used during regular inspections). **Ohi Power Station**

We installed a platform especially for support during inspections of secondary pipes in high places (before improvement, work was conducted by hanging over from a nearby platform).





Evaluation and future issue

In the future, we will continue to invest proactively in construction work for labor safety measures (in the 2005 and 2006 fiscal years we invested 6–10 times more than in the 2003 fiscal year).

Enhance education

Reflection on shortcomings

Our employee education had been focused on facility issues, but education about laws and ordinances, technology standards and other issues for increasing safety awareness was lacking.

Efforts

We have enhanced our education about the importance of secondary pipe wall thickness management, achieving thorough safety assurance, and strengthening quality management abilities and



have provided other management training for the staff in charge of maintenance (including management). We have also increased education for our maintenance staff about the details Voices of frontline section managers who participated in trainings "With emphases on putting safety first and the observance of laws and ordinances, it was a meaningful training."

- "As a frontline section manager, I learned what I must do."
- "As a section manager, I was able to reconfirm what the company expects."
- "I was able to confirm the role of the section manager again, and I became aware of issues that I need to work on personally in the future."

of laws and ordinances and technology standards, including their interpretation and application methods.

Evaluation and future issues

By deepening the idea of safety assurance, the awareness of employees regarding their work duties is changing. We will continuously improve the contents of our education based on the feedback of the trainees and other factors.

Set work processes founded on safety assurance

Reflection on shortcomings

There were not enough opportunities before now for preliminary discussions with manufacturers and contractors regarding the work processes of regular power station inspections from the perspective of facility safety and labor safety.

Efforts

From the perspective of facility safety and work safety, we are planning and implementing work processes for operation plans and regular inspections in communication with manufacturers and contractors, so that work is not advanced based only on assumptions about the work processes.

Evaluation and future issues

Examples of opinions given by contractors at meetings for setting work processes for regular inspections 1st meeting (April 27, 2005)

- It's a waste of time to say, "Give a new opinion"
- Whitewashing will not change a thing
- 10th meeting (November 2, 2005)
 - The number of detailed meetings for individual regular inspection plans has increased
 - I am happy to see improvements that suit the workplace way of thinking

Through communication with manufacturers and contractors, Kansai Electric Power will strive to establish work processes that make safety the highest priority.

3. Continuously improve maintenance management to ensure safety and establish closer cooperation with manufacturers and contractors

Enhance secondary pipe wall thickness management system

Reflection on shortcomings

The management list of secondary pipe inspection locations had not been corrected despite omissions. In addition, the inspection periods did not allow enough time for repairs when problems were discovered. Moreover, the division of roles among manufacturers and contractors was unclear.

Efforts

We confirmed that there were no omissions from secondary pipe main inspection parts and reorganized the management list. In addition, we are appropriately managing the places that should be inspected through periodic reviews and studying information about pipe-wall thinning from other electric power companies. By conducting secondary pipe inspections at earlier times and allowing sufficient time for repair, we are assuring the maintenance of good pipe condition.

Moreover, Kansai Electric Power is taking the lead in the execution of secondary pipe wall thickness management.

- We have increased the number of Kansai Electric Power staff responsible for inspections at 3 power stations from 4 staff (not full-time) before the accident to 31 staff (full-time) after the accident.
- In order to prevent human errors, we are improving our computer system for secondary pipe wall thickness management and transferring control of it from contractors to Kansai Electric Power.



Evaluation and future issues A failure of a secondary pipe wall was the direct cause of the accident at the Mihama Power Plant, so we are radically improving the management of secondary pipe wall thickness, but we will also continue to strive to assure that all pipes remain in good condition.

Augment power station maintenance management systems

Reflection on shortcomings

The allocation of personnel and the systems for maintenance management at our power stations were insufficient in consideration of increased and changed work duties.

Efforts

We increased power station staff by about 100 people,* and strengthened maintenance management systems. We have allocated technical advisors to support maintenance work and information management officers who conduct information sharing and transmission. * number of staff increased since the time of the accident (August 2004) at 3 power stations

Evaluation and future issues

We have assigned sufficient personnel and created an organizational system to conduct maintenance and management with certainty.

We will continue to strive to assure sufficient assignment of personnel and an effective organizational system.



Create cooperative work system with manufacturers and contractors

Reflection on shortcomings

We did not respond suitably to proposals and requests related to safety from manufacturers and contractors. In addition, information about trouble and other issues was not shared with them evenly.

Efforts

We are enhancing activities for communication with manufacturers and contractors in order to respond appropriately to their proposals and requests. In addition, we are conducting regular information exchanges to improve information sharing and cooperation.

- Strengthen communication activities with manufacturers and contractors
- Establish technical information liaison groups for all manufacturers and contractors
- Establish liaison group with electric power companies that use pressurized water reactors (PWR) and other businesses with interests in PWR (5 other electric power companies, Mitsubishi Heavy Industries, Ltd. and Mitsubishi Electric Corporation)



Evaluation and future issues

We are in the process of responding appropriately to proposals and requests and building partnerships. In addition, we are sharing information about trouble with contractors, and investigating ways to work cooperatively and share information evenly. We will continue to develop our approaches to making improvements, including increasing the effectiveness of our efforts and improving the handling of contractors by Kansai Electric Power employees.

4. Strive to restore the trust of local communities

Transfer Nuclear Power Division to Fukui

Reflection on shortcomings

We had insufficient support and understanding of the status of frontline workplaces because of a three-layered organizational structure and because our Nuclear Power Division was located in Osaka.

Efforts

In order to strengthen power station support, we merged our Nuclear Power Division with our Wakasa District Office and transferred it to Mihama-cho in Fukui Prefecture. In addition, we have assigned staff from the Office of Internal Audit to each power station to conduct concentrated auditing of these workplaces.

Evaluation and future issues

We moved our Nuclear Power Division and strengthened support for power stations, but there have been calls for further improvement. We will evaluate the facts and investigate improvements.



Cooperate with the Energy Research and Development Centralization Plan (Fukui Prefecture)

Efforts

We support the concept of the plan established in Fukui Prefecture in March 2005 to make that prefecture an energy research and development centralization. As a business, we are actively cooperating in comprehensive planning and promotion of this goal. In addition, to advance these efforts even more certainly, we created a new Energy Research and Development Centralization Project Team within the Regional Relations Center of our Nuclear Power Division in April 2006. **Some of the main efforts of Kansai Electric Power**

- Participation of our president as a council member on the Council on the Promotion of Energy Research and Development Centralization Plan (established November 2005)
- 4 personnel assigned to the Energy Research and Development Centralization Project Office*
- * an organization established in the Wakasa Bay Energy Research Center in Fukui Prefecture as a driving force for advancing the plan
- Strengthening of aging countermeasures for nuclear power stations by establishing the Nuclear Power Plant Aging Research Center within the Institute of Nuclear Safety Systems (INSS)
- Placement of ambulances on the premises of power stations and other efforts to augment local emergency medical systems
- Execution of technical courses to improve the techniques of engineers from prefectural businesses, for example, by providing nuclear power training center facilities and instructors
- · Efforts to attract businesses to Fukui Prefecture
- Enhancement of nuclear power and energy education by opening facilities, providing supplementary educational materials and taking other measures

Evaluation and future issues

We believe that we were able to begin active efforts for the steady and smooth promotion of the plan to make Fukui Prefecture an energy research and development base.

In the future, through significant cooperation with Fukui Prefecture and others, we intend to take a lead role as a business in working actively toward the realization of this base plan.

Energy Research and Development Centralization Plan (Fukui Prefecture)

This plan seeks to create an independent link between the region and nuclear power, and by contributing to regional development, advance various measures that will also build the confidence of the citizens of the prefecture and establish Fukui Prefecture as a base region for comprehensive energy research and development, especially for nuclear power.



Enhance communication with local communities

Reflection on shortcomings

There had been few opportunities for management to hear the opinions of people from the communities where we operate, and there had been little direct communication between company employees with technical expertise and local residents.

Efforts

Company officers, including our president, are conducting direct dialogues with local people. In addition, we are promoting communication with local people by, for example, visiting every household and holding local explanatory meetings. Our technical staff members are also participating in these efforts.

Evaluation and future issues

Our technical staff members that have participated in these communication activities have begun to have changes in awareness. In the future, we will continue to strengthen our efforts to communicate with local residents and reflect their opinions and ideas in the operation of power stations.

Opinions of technical staff who participated in community dialogue activities

- "I could feel that we are supported by local citizens. I think that we must become closer to the local community."
- "Hearing the ideas of the local people first-hand is extremely valuable."
- "I had given sufficient consideration before now, but from now on, I want to have an even stronger awareness of the community during the execution of my work duties."



5. Objectively evaluate and widely disclose our safety initiatives

Evaluate and publicize measures to prevent the occurrence of accidents

Efforts

We are steadily promoting measures to prevent the occurrence of accidents and creating a system to verify and improve the measures executed.

Nuclear Power Plant Maintenance Reform Committee

In order to certainly promote measures to prevent the occurrence of accidents, we established an in-house Nuclear Power Plant Maintenance Reform Committee that is checking and adjusting execution plans, analyzing their progress and following up on them. Since inception, they had met 54 times as of July 2006.

Nuclear Power Plant Maintenance Reform Verification Committee

In order to verify the effectiveness of the measures executed to prevent the occurrence of accidents and improve them, we established the Nuclear Power Plant Maintenance Reform Verification Committee, which is comprised mainly of members from outside the company. This committee meets every fiscal quarter, and has met five times since inception. The first meeting was June 17, 2005, and subsequent meetings were held on October 7, 2005, January 24, 2006, April 18, 2006 and July 24, 2006.



Broadcast of television commercials (from October 1, 2005)



Kansai Electric Power web site posting



Exhibition at the Mihama Nuclear Power PR Center (from September 16, 2005)

Kansai Electric Power has been striving as a unified company to implement measures to prevent the occurrence of accidents. In order to rebuild a culture of safety, we will continuously pursue the improvement and certain execution of these measures under the leadership of the president.

The execution status of the latest measures to prevent the occurrence of accidents and the concrete advice of the Nuclear Power Plant Maintenance Reform Verification Committee, our responses to their advice and other information can be found in detail on the Kansai Electric Power web site.



About the Mihama Power Station Unit 3 accident http://www.kepco.co.jp/notice/mihama/jiko.html

With a sense of duty—our mission and responsibility to provide a safe and stable supply of electric power

Kansai Electric Power's most important mission is to provide electric power safely and stably to our customers. For this reason, we take responsibility for the entire process from power generation to sales. We are also working to build a high quality and efficient distribution system, starting with the optimization of power source composition.



Optimization of power source composition

Since Japan is poor in natural resources and has a fragile energy structure that is dependent on energy imported from abroad and specific sources, Kansai Electric Power has already made numerous efforts to create a suitable combination of multiple energy sources that is not too dependent on any specific one, including moving from oil to nuclear power, natural gas and coal.

Kansai Electric Power seeks an optimal combination of power sources that puts safety assurance first and takes comprehensive consideration of economic, energy security and environmental impact characteristics.

The combination that we are working to create is based on nuclear power generation, including the atomic fuel cycle, and has a good balance of thermal power, hydropower, pumped storage power and other power generation sources.





 Fiscal year end facility numbers and electric power generation amounts include electric power received from other companies.
 Due to fractions, total amounts may not add up to 100.

Realization of a high quality electric power distribution system

While improving our delivery equipment, Kansai Electric Power has always sought to improve the economic performance of our efficient, stable electricity delivery system, which includes

power transmission, transformation and distribution. Simultaneously, we have implemented thorough accident prevention policies based on fundamental rules and the examples of past accidents. As a result, Kansai Electric Power has achieved the highest level of electricity quality in the world.

In order to continue providing high quality electricity in the future while putting assurance of safety first, we will establish systems and structures to achieve excellent business administration. In addition, we will carefully abide by all rules and seek stable electric power supply and accident and disaster prevention to avoid causing problems for our customers and the people of the region.



Annual power interruption time per household (including stoppages due to work)



Reform of fundamental work processes and our quality management system

At Kansai Electric Power, reflecting on the accident and unfortunate incidents of the 2004 fiscal year, we are working on creating arrangements that will realize work execution founded on making safety the highest priority. We are making proactive investments of resources and reviewing rules and manuals. We are also making environments where frontline workers can lead in expressing needs and taking actions and working to clarify the division of roles between Kansai Electric Power, group companies, contractors and others. We are setting schedules for improvements and taking step-by-step measures for issues as they become apparent in the process of our efforts.

In particular, for work duties related to facility safety maintenance, we have set our goals as "appropriate and certain execution" and "fulfillment of the responsibility to explain to the outside." To this end, we are advancing the creation of a quality management system (QMS) based on the approaches of ISO 9001. We began trial operation of this in May 2006 based on the results of our investigation to that point. In the future, we will

Responding at times of disaster and emergency

At Kansai Electric Power, we work to enhance and maintain our electric power facilities every day in preparation for potential disasters and accidents that could cause electricity outages and other emergencies. In addition, our maintenance personnel practice and train regularly in order to be ready to respond at times of emergency and implement rapid recovery.

We have prepared disaster prevention plans at our power stations and other facilities and we are conducting disaster prevention training based on them. For example, at our nuclear power stations we have created our Nuclear Power Business Disaster Prevention Work Duties Plan, which is based on the Special Law on Nuclear Disaster Countermeasures. We are working to organize and enhance our nuclear power disaster prevention measures, including





Maintenance personnel during training practice



continue to make steady improvements based on issues identified during the trial operation and advance our efforts for its establishment.

QMS model built on processes



---► Information flow

additional investigations related to the content of this plan. In addition, to assure that countermeasures are executed appropriately based on the work duties plan, we conduct nuclear power disaster prevention practice at every power station at least once per year. Moreover, we actively participate in the nuclear power disaster prevention practices carried out by national and local governments and are strengthening our cooperation with them.

Accident response system



Building on the experience I gained from recovery work after the Great Hanshin-Awaji Earthquake Disaster

At the time of the Great Hanshin-Awaji Earthquake Disaster, I was a staff member of the Kobe Branch network technology group in charge of tracking recovery status, personnel provision and other aspects of overall recovery work plans for power distribution equipment. Four full days after the night of the earthquake, we continued working without sleep or rest at the branch underground countermeasure headquarters. Although I did not notice my fatigue because I was running on adrenalin, I did feel concerned about my own family and had a strong sense of unease for not being with them. However, I thought, "This is my mission," and I was able to persevere with my work. I was so happy when we finished arranging the emergency power transmission system. I remember feeling my determination increase at that time, thinking, "I am relieved to see electricity illuminating streets and homes, but I must keep working a little longer until we are able to transmit electricity normally." This experience made me feel deeply the significance of the responsibility of being an electric power company employee. Since then, I have not forgotten the sense of mission and responsibility that I felt then and I will continue to think of it as I carry out my work duties. I believe that transmitting this DNA to younger Kansai Electric employees is another important mission for me.



Sadatoshi Kida Akashi Network Technology Center, Kobe Sales Office

Our Hap-e Point Club offers enjoyable lifestyle benefits for customers



In order for the Kansai Electric Power Group to continue to be a good partner for our customers as their needs increasingly diversify, in addition to providing electricity, we want to provide other services that give them satisfaction. Based on this thought, we started the Hap-e Point Club in July 2005, making us the first electric power company in Japan to have a point service.

This service is especially focused on households that have adopted the Hap-e Plan discount service menu for all-electric residences, and it allows all-electric households to accumulate points according to the amount of electricity they use. If they also use services offered by other Kansai Electric Power Group companies, including K-Opticom Corporation Internet services and Kanden SOS home security, accumulation of points is made even easier. In addition, by patronizing

merchants that participate in the Point Club, more points can be acquired. These merchants also offer discounts and other benefits and privileges. Accumulated points can be exchanged for various prizes and services. In addition, in July 2006, added Kansai we area transportation IC Card payment functions, redemption as fares for trains, buses and other forms of transportation and other services that provide even more benefits in order to satisfy our customers.

In addition, we regularly distribute useful lifestyle information through a quarterly magazine, an email newsletter, a blog and other publications to Hap-e Point Club members. We are also actively encouraging two-way communication by inviting customers to send us their opinions by postcards and through the Internet.

Not only will we continue offering proposals for secure and comfortable living with electricity, through Hap-e Point Club activities, we will also make comprehensive proposals for convenient and comfortable living outside the home and other things that help our customers enjoy their lives. Moreover, at the Kansai Electric Power Group, we are united in our desire to deliver products and services that are even more attractive and effective at meeting the needs of our customers.



Working to provide the best service

Electricity rate reduction

On April 1, 2006, we lowered electricity fees an average of 2.91%, deepening reductions made one year earlier.

In addition, we are reviewing our standard service plans, which is the basis for our transactions with customers in unregulated fields, and other policies.

In order to respond to customer needs, Kansai Electric Power will continue to arrange an attractive selection of services, providing electricity at inexpensive rates and delivering it stably to our customers. By doing this, we hope to continue to fill the role of a good partner for our customers.

Improvement of customer service

In order to promote businesses activities that are responsive to our customers, our call centers and Electric Life Consultation Office lead our daily efforts in the course of our work to collect and analyze customer thoughts, accurately identify their needs and increase the value of our products and services.

In addition, through systems to evaluate and analyze the degree of customer satisfaction quantitatively (customers satisfaction surveys), we measure the levels of our services,



endeavor to make improvements and seek to be a business that puts customer satisfaction first.

Customer satisfaction surveys

Kansai Electric Power employs survey specialist companies to conduct customer satisfaction surveys by telephone. We have implemented surveys of customers who have made various applications to our company continuously since 1993. In these surveys, customers are asked to give their impressions of

> our staff and evaluate the handling of their cases. In this way, we are able to objectively determine the service levels of our sales offices, verify the results of efforts to improve our work and identify areas for further improvement. We are also working to raise the levels of our services by setting targets and improvement actions for subsequent business periods.

"Your Side Service" uniform and high quality call center operation

With the goals of improving customer satisfaction by providing uniform and high quality call center reception and collecting and analyzing customer opinions, Kansai Electric Power established the Osaka North Call Center, our first inhouse call center, in northern Osaka in June 2003. We further enhanced our telephone reception system, which is the first point of interaction with our customers, by establishing additional call centers in southern Osaka, Kyoto, and Kobe in November 2005. In keeping with the theme of "Your Side Service," our call center operators strive to provide kind and polite responses to customer calls. We constantly monitor the handling of customers by our reception staff and strive to further improve the treatment of our customers.

I put a smile and a feeling of gratitude in my words

Every day at our call center, we receive various calls ranging from changes of address and alterations of payment methods to calls like "I want to review the details of my contract" and "my electricity suddenly stopped!"

Each day, as I answer these calls, I approach every one with the feeling that it is a valuable opportunity for Kansai Electric Power to speak directly with a customer.

I smile as I talk in order to convey my gratitude to each customer for making the effort to call us, as well as for using Kansai Electric Power electricity. I also try to make my ways of speaking and procedures for guiding the conversation more effective as well by expanding the breadth of my knowledge.

My dream, my goal, is to have people say things like, "If you are calling Kansai Electric Power, ask for Ms. Nishida!"



Yoshie Nishida Osaka North Call Center

Creating value for customers as a unified group

In the Kansai Electric Power Group, as solution and service enterprises with deep connections to customer lifestyles and businesses, we provide various products and services besides electricity. We will continue to strive to earn the confidence of our customers by delivering all our products safely and reliably.

Efforts in the information technology field

K-Opticom Corporation is the Kansai Electric Power Group's core information and communication enterprise. Using our optical fiber network that extends throughout Kansai, we provide Internet, telephone, television and other



K-Opticom Corporation communication disruption incident simulation practice

communication services that are indispensable for lifestyles and businesses. In order to allow customers to use these services stably, we have prepared a system that switches to backup equipment whenever trouble occurs with any main equipment. Moreover, we monitor the system intensely around the clock and have prepared systems for prompt recovery operations and onsite maintenance whenever service is hindered.

In addition, based on investigations into large-scale telephone service disruptions in December 2005 and May 2006,

Efforts in the energy-related field

In order to provide our customers with optimal energy solutions, in addition to electricity, at the Kansai Electric Power Group, we also supply gas, steam and fuel for cogeneration (petroleum).

We strive to allow our customers to use these

types of energy with a sense of security. For example, in the delivery of gas, we apply a safety management system based on our Safety Regulations (Gas Products) and we periodically execute related safety education and training. We are also making certain that the safety personnel at Kansai Electric Power business places are able to respond rapidly at times of gas leaks and other emergencies.

Efforts in lifestyle fields

In order to deepen our relationships with our customers, the Kansai Electric Power Group also offers real estate development, with a focus on residences, and various lifestyle related services.

One of these businesses is Kanden Security of



Kanden SOS site dispatch

Our employees conducting gas safety management

Society (Kanden SOS), a home security service that uses an optical fiber network and advanced communication technologies. With these, Kanden SOS provides security plans tailored to suit individual households to guarantee the safe lifestyles of our customers. When sensors installed in the homes of customers detect something abnormal, for example, the intrusion of a suspicious person, a signal is sent to the

we are further enhancing equipment and its application. Furthermore, we are creating a thorough communication system to provide information to affected customers and regions rapidly if there is a similar occurrence. We are also periodically executing education and practice for staff to prepare for rapid recovery.

We will continue our efforts to allow our customers to have confidence as they use our optical fiber communication services, which are growing increasingly important as information lifelines.

We receive various opinions and requests from customers. We are working to share this information within our company to improve our services and are striving to respond to individual customer needs.



Hiroyuki Nagao Customer Service Improvement Team Leader Risk Management Group, K-Opticom Corporation

In addition, Kanden Gas and Cogeneration Co., Inc. conducts regular inspections of power generation equipment and other types of machinery installed at customer sites according to operation status. We conduct 24-hour operation oversight using remote monitoring systems, and we also have systems in place to respond promptly in the unlikely event of an unusual occurrence.

If we receive a malfunction alarm transmission when we are monitoring power generation equipment on a customer site using remote monitoring equipment, we respond promptly to implement rapid recovery, using all our abilities to assure quality.



Hideyuki Takeuji 2nd Construction Division Chief Kanden Gas and Cogeneration Co., Inc.

monitoring center, and security staff from a cooperating security company are dispatched to the customer's residence immediately. In preparation for the unlikely possibility of disruption of the communication line, we use doubled lines for signal transmission to reinforce the system and other means to realize stable, highly reliable security services 24-hours per day, 365 days per year.

A home security business is founded on a relationship of trust with customers. We will continue to work to improve the quality of our services to provide our customers with safety and peace of mind.



Masaaki Seryu Director Kanden Security of Society, Inc.

Combining group services to help make lifestyles more bountiful

Retirement residence living with an eye on the future -Providing comprehensive electrical, medical and nursing services

At the Kansai Electric Power Group, we want to provide customers with comprehensive assistance for living in ease by providing other group services in combination with our allelectric household services.

For example, Momozaka Comfo-Garden, which is scheduled to open in August 2007, and other large-scale multi-residential developments are based on the concept of providing long-term housing that is ready for future needs by including comprehensive medical and caregiving facilities. At these residences, our all-electric home systems, which are carefree and easy-to-use, and Kansai Electric Power Group medical and caregiving services have been adopted.

Secure towns that guard lifestyles -Providing electricity, Internet and home security services

Furthermore, we participate from the overall "town" concept creation stage for large-scale developments that have more than 100 residences units. In this way, we are able to realize plans for "secure towns that guard lifestyles" with standard features that include not only all-electric residences but also optical fiber Internet access, telephone lines and television, as well as home security.

We will continue to strive as a group to be able to provide products and services that meet the needs of our customers, from individual households to large multi-building residences.



Reflecting the voices of our customers in our services-the example of K-Opticom Corporation

K-Opticom Corporation's eo brand communication service has over 500,000 customer accounts in the Kansai region, and our call centers respond to the various telephone inquiries from those customers. The extremely large number of queries that we receive every day range widely from applications for new accounts to questions about construction work periods, equipment settings and use methods. To insure that these calls are answered politely and appropriately, we are augmenting our manuals and conducting operator education as necessary.

In addition, we consider the opinions that we receive at our call center to be valuable customer feedback. We collect and analyze the requests and opinions received there as a way to help to improve our services as we continue to work to further increase customer satisfaction.



Providing Safe and Stable Products and Services

I Providing Safe and Stable Products and Services

Kansai Electric Power Group

Company details (Consolidated subsidiaries and companies to which the equity method is applied) (as of the end of June 2006)

Electric power business

The Kansai Electric Power Co., Inc.

Information technology businesses

K-Opticom Corp. K-CAT, Inc. Kansai.com, Inc. Kanden System Solutions Co., Inc. and 5 more 9 companies total

Other businesses

Energy-related

Sakai LNG Co., Inc. Kanden Gas and Cogeneration Co., Inc. Kanden Energy Development Co., Inc. Osaka BioEnergy Co., Ltd. and 3 more 7 companies total

Lifestyle-related

Kanden Fudosan Co., Ltd. Clearpass Co., Ltd. Kanden Security of Society, Inc. Kanden E House Corp. Kansai Medical Net Co., Inc. Kansai Jyutaku Hinshitsu Hosho Co., Inc. Kanden Joy Life Co., Ltd. Kanden Facility Management Corp. Kanden CS Forum, Inc. Kanden Amenix Corp. and 3 more 13 companies total

Group support

Kanden Engineering Corp. Enegate Co., Ltd. Nihon Network Support Co., Ltd. Akinai Biz Square Corp. Kanden Plant Corp. The Kurobe Gorge Railway Co., Ltd. Newjec Inc. Institute of Nuclear Safety System, Inc. Nuclear Engineering, Ltd. The General Environmental Technos Co., Ltd. The Kanden Services Co., Inc. Kanden Office Work Corp. Kanden Power-Tech Corp. The Kanden L & A Co., Ltd. Kansai Power Business Support Corp. Kinden Corp.

and 7 more 23 companies total

Others

Kanden Geo-Re Co., Ltd. Kansai Power International Corp. Kansai Power Venture Management Corp. Kanden L-Heart Co., Inc. Linecom Co., Inc.

and 5 more 10 companies total

Evaluations of our efforts and reflection of the results in the next fiscal year

Evaluations of and opinions about our 2005 fiscal year efforts

Main evaluations and opinions expressed in our CSR Report 2005 questionnaire

Stable supply; safe and stable operation

- I want you to take thorough measures for safety and accident prevention.
- I expect that the efforts of other companies can provide lessons for accident prevention.
- I hope you will maintain your world-class top level quality.
- When infrastructure was in chaos after the Great Hanshin Earthquake, you provided swift recovery [of electrical power services].

An expert's opinion



Kunihiro Watari Quality Guarantee Laboratory Director Japan Institute of Human Factors

Since electric power is such a familiar form of energy, we tend to assume that a stable supply is the natural state. However, Japan's electric power companies have worked harder than any others on the planet to realize this state. Regardless, the August 2004 accident at Mihama Power Station Unit 3 has caused renewed consideration of the safe and stable supply of electric power. In response to this incident, the executive management of Kansai Electric Power soon declared that safety was the company's primary mission, and set concrete accident recurrence prevention measures. Their efforts to improve safety are still continuing, and I believe that they can be commended. I want to focus especially on the following two points.

1. Investigation of accident causes and thinking about countermeasures to prevent them is something that everyone should do. However, few businesses are capable of following basic action policies set for safety and continuing investigation of potentially broader consideration and the implementation of future responses. For a wide range of countermeasures, the establishment of the Nuclear Power Plant Maintenance Reform Verification Committee, which includes external experts, and other organs, and the continuation of objective examination of the nature of the organization and its effects are extremely important.

2. Safety as technicians think of it, and the peace of mind felt by ordinary society are not always the same. For this reason, explanations that society can understand and accept are necessary. I think Kansai Electric Power has done well in explaining its efforts to society and promoting understanding.

For Kansai Electric Power, steady execution of accident prevention measures is a given, but the most important issue for the future is to what degree you can maintain and continue awareness of safety. The minds of human beings essentially seek to quickly escape unpleasant and sad events in the past. For the long-term maintenance and continuation of safety awareness, everyone needs to share problem awareness, so transmission of this awareness to the future is important. I will continue to expect much from Kansai Electric Power as a company that makes safety its highest priority and contributes to the harmony and development of society.

We considered the above opinions as we set our 2006 fiscal year policies.

Policies for the next fiscal year and beyond



Yuzuru Hiroe Executive Officer Office of Corporate Planning Director The Kansai Electric Power Co., Inc.

We will provide a stable supply of electric power and implement accident and disaster prevention by continuing to actively promote measures for the prevention of accidents and harmful incidents and for the improvement of our fundamental work duties. We are also optimizing the operation of our electric power facilities and their forms to put the assurance of electric power safety first. Furthermore, we are working as a unified group to create even more value for customers and earn their trust.

Specifically, through the creation and trial operation of a quality management system, we will execute work duties related to facility safety appropriately and steadily as we perfect the stability of our supply of electric power. In addition, in our fundamental work duties, we will implement a PDCA cycle that makes safety assurance our highest priority. We will also seek continuous improvement by investing resources as necessary and by reviewing and arranging rules and manuals to suit actual workplace conditions. Moreover, through systems to reflect the voices of customers in the improvement of services, we will provide products and services that are attractive to customers and improve customer service.

Improvement of services and value for customers

- \bigcirc I want you to be more active in your work for consumers.
- \bigcirc I want you to enhance the products and services that you provide as a whole group.
- You responded quickly and politely to my inquiry.

Topics

Sakaiko Power Station facility renewal plan

Kansai Electric Power is pursuing a facility renewal plan for the Sakaiko Power Station in order to reduce environmental burdens further and to provide even less inexpensive electric power. Since January 2004, we have undertaken legal procedures based on the Environmental Impact Assessment Law and other regulations. As a result, on June 1, 2006, the Minister of Economy, Trade and Industry provided us with a notification of approval for the "Environmental impact statement regarding renewal of Sakaiko Power Station facilities." While

Facility overview

-			
Item	Present condition	After renewal	
Power generation method	Steam power Combined cycle power generat		
Power generation scale	2,000,000 kW (250,000 kW x 8 turbines)	2,000,000 kW (400,000 kW x 5 turbines)	
Fuel used	Heavy oil, crude oil, natural gas	Natural gas	
Thermal efficiency (at power generation source) (Low calorific value base)	About 41%	About 58%	

Start of construction: October 2006 (planned)

Start of operation: 1st turbine in April 2009 (planned) with 5th turbine starting operation in October 2010 (planned)

Plan for the largest scale biomass cofiring implementation in Japan at Maizuru Power Station

As one of our efforts to alleviate global environmental problems, we are planning to implement power generation that uses environmentally-friendly biomass fuel (cofiring with coal) at the first unit of our Maizuru Power Station. Through this, we expect to suppress fossil fuel consumption and to effectively reduce annual CO2 emissions by about 92,000 tons.

- O Biomass fuel used: wood pellets (made from sawdust and wood shavings)
- O Amount of wood pellets used annually: about 60,000 tons (largest scale coal cofiring power generation in Japan)
- O Start of regular operation: 2008 fiscal year (planned)
- CO₂ reduction effect: about 92,000 tons/year

Maizuru Power Station

making effective use of the existing facilities, the station site, the surrounding green belt and other features of the power station, this plan will refurbish the station with a cutting-edge high efficiency combined cycle power generation system that uses natural gas-burning 1,500°C-class turbines. This new system will greatly reduce CO₂, NOx, and other environmental burdens from current levels. As of this writing, we are undertaking various preparations in anticipation of starting installation in October 2006.



based on the pine forest that spans the power station site and the neighboring Hamadera Park. based on th





Wood pellets

Development of rooftop vegetation technology that uses symbiotic microorganisms

Stable cultivation of woody plants and herbaceous plants is difficult in the thin soil layers that are characteristic of rooftop vegetation installations. Working together with Osaka Gas Co., Ltd., we have developed a rooftop vegetation construction method that overcomes cultivation limits of rooftop sites by using symbiotic microorganisms¹ handled by our companies (Kansai Electric Power: ectomycorrhizal fungi, Osaka gas: VA mycorrhizal fungi). Moreover, evaluations of energy conservation and heat island mitigation effects based on actual measurement values show that this method is about 1.5 times more effective than conventional rooftop vegetation efforts that use sedum².

- ¹ Symbiotic microorganisms are root nodule bacteria and mycorrhiza that form on plant roots. By gathering nutrients and water from the soil and transmitting them to the plants, they promote plant growth, increase resistance to dehydration and have other beneficial effects.
- ²Sedum is a general term for members of the Crassulaceae family. These fleshy plants are similar to cacti and can retain water inside their leaves giving them high resistance to dehydration

Kansai Electric Power Group companies, including The General Environmental Technos Co., Ltd., are using this technology to design and install vegetation on rooftops, as well as to sell materials and provide related services

In the section without symbiotic microorganisms, changes in Lithocarpus edulis leaves and withering of Rhododendron indicum was noted



Section with symbiotic microorganisms



Section without symbiotic microorganisms

We received the Minister of the Environment Prize for our global warming prevention efforts

Kansai Electric Power, Kanden Fudosan Co., Ltd., and Kanden Energy Development Co., Inc. included numerous environmental technologies in the design of the Kanden Building, which began business use as the headquarters for Kansai Electric Power in January 2005. In recognition of the efforts of these three companies to achieve energy conservation through multiple aspects of the building, the Ministry of the Environment awarded them with the Minister of the Environment Prize for Global Warming Prevention Efforts (Countermeasure Technology Incorporation and Popularization Category), on November 2005.

Environmental technologies have been incorporated into the Kanden Building for the efficient use of energy, including "intelligent lighting" sensors that automatically control light levels, the active use of natural energy, such as using river water as a heat source for "regional air-conditioning," and water recycling and other effective uses of resources. Through these measures, the amount of energy used by the office floors has been reduced, along with the peak loads, by about 30% compared to ordinary office buildings. (Please see page 42 for the 2005 fiscal year energy conservation performance of the new Kanden Building headquarters.)



Kanden Building (new headquarters building)

Participation in a CDM project for hydroelectric power generation in China

Chinese hydroelectric power generation companies Gansu Gongjiaotou Kanfeng Hydropower Development Co., Ltd. (Kanfeng Hydropower—total power output 15,000 kW) and Gansu Hualing Group Lintan Luertai Hydroelectric Power Co., Ltd. (Luertai Hydropower—total power output 12,200 kW) are undertaking a CDM hydroelectric power generation project in China's Gansu Province. Kansai Electric Power will purchase all the CO₂ credits (emissions allowances) they generate until 2012.

This project will build hydroelectric power stations on a tributary of the Yellow River that flows through southern Lanzhou, Gansu Province, and sell electricity to local electric power companies. By increasing

the use of hydroelectric power generation, which does not emit CO_2 into the region, a total of about 560,000 tons of CO_2 emissions is expected to be reduced by 2012.

On July 10, 2006, this project received the Japanese government recognition necessary for United Nations CDM certification.



Location of Lanzhou, Gansu Province, China



Kanfeng Hydropower



Luertai Hydropower

Recycling Center for Utility Pole Transformers receives a fire prevention achievement award

Since April 2004, our Recycling Center for Utility Pole Transformers has been processing pole transformers, which were formerly used and are now held by Kansai Electric Power, to decontaminate and recycle insulation oil and transformer cases that contain trace amounts of PCB wastes safely.

In the 2005 fiscal year, we continued to process these pole transformers steadily, achieving our goals of annually processing about 10,000 kL of insulation oil and about 20,000 transformer cases. In addition, the Osaka City Konohana Fire Station gave us a fire prevention achievement award in May 2006 for being a workplace with superior facility safety management. In the future, by continuing to make safe and stable operation our first priority in steadily processing

these wastes, we will strive to complete decontamination and recycling of pole transformers by the legal deadline of July 2016.

Comment from Recycling Center Director Kakii

As under Director Okada, my predecessor, the Recycling Center staff members continue to be unified in making safe PCB processing the top priority of our work. Note: Director Kakii replaced Director Okada in June 2006

Recycling Center Director Okada (At the time of receiving the award)



Environmental policy

The Kansai Electric Power Group CSR Action Charter (extract)

Addressing Global Environmental Problems

As an energy supplier with strong ties to the environment, the Kansai Electric Power Group aims for the world's highest level by recognizing the size of the impact of its business activities on the global environment and by working to reduce the load placed on the environment by its business activities. The Kansai Electric Power Group has also taken advanced initiatives to create a better environment and actively contributes to building a sustainable society.



Philosophy Five Basic Principles of the Global Environmental Action Plan (Adopted in 1990)

Kansai Electric Power is conscious of our big responsibilities as an energy provider. As we strive to deliver an affluent way of life to people, we are actively taking on the challenge of making the conservation of the global environment on a part of our corporate agenda. In all aspects of our operations, we are investigating advanced means of global environmental protection and taking action immediately in areas we can be effective.

- **1** Reduction of environmental impact **2** Promotion of effective and efficient use of energy and resources
- S Development of advanced technology 4 Coordination of efforts throughout the Kansai Electric Power Group
- G Creation of a new corporate culture to support harmonious coexistence with the global environment

Action 1 Consideration for the environment in all areas of our business	 Addressing global environmental problems Measures to prevent global warming (New ERA Strategy) Efficiency: Efforts to increase energy efficiency by society as a whole Reduction: Reducing greenhouse gas emissions in power supply Activities abroad: Overseas activities carried out to prevent global warming Protecting ozone layers Addressing local environmental problems
Action 2 Activities aimed at building a recycle-oriented society	 Promoting business activities suitable for a recycling-oriented society Earnest exchange and cooperation with external groups Raising employee awareness of their responsibility as global citizens and encouraging them to develop good daily practices

🔁 Status overview of our environmental load (2005 fiscal year) 🌽



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Eco action (targets and results)

We set targets for our environmental efforts annually and undertake various activities to realize them in accordance with the environmental policies of the Kansai Electric Power Group.

ltom	Eigenl 2004 regults	Fiscal 2005 targets and results		
item	FISCAI 2004 results	Targets	Results	
Further introduction of systems in compliance with ISO or other certifications (compliant locations by the fiscal year end)	16 locations	Maintenance/increase in number of compliant locations	15 locations	
CO ₂ emissions reduction per unit of electric power used (sold)	0.356 kg-CO₂/kWh	Approx. 0.34 kg-CO₂/kWh (2010 fiscal-year target value)	Approx. 0.35 kg-CO₂/ kWh	
Promoting "safety first" operations at nuclear power plants	70.2% (facility utilization rate)	Operate nuclear power plants with safety assurance measures to prevent a recurrence of an incident like the Mihama Nuclear Power Station Unit 3 accident	75.4% (facility utilization rate)	
Maintaining and improving thermal efficiency rate of thermal power plants	42.2%	42% or greater (low calorific value base)	42.0%	
Power output increase through hydroelectric power station upgrades (cumulative total since 1989 fiscal year)	46,252 kW	46,252 kW	46,252 kW	
Limiting SF ₆ emissions (increasing gas recovery rate at equipment inspections)	97.9%	97%	97.1%	
Increasing nighttime electric power subscription through the promotion of EcoCute and other high efficiency hot water heating equipment	590,000 units	Further expand subscription	670,000 units	
Development and diffusion of new energies (achievement of amount required by the RPS Law)	Target achieved	Achieve amount required by the RPS Law (700 million kWh)	Target achieved	
Development and diffusion of new energies (Promotion of the popularization of the Kansai Electric Power Green Power Fund)	Assisting facilities 3000 kW power output	Promote popularization	Power output of assisting facilities: 38,000 kW	
Maintaining the sulfur oxide (SOx) emission level per unit of electric power generated by Kansai Electric Power	0.021 g/kWh (overall) 0.064 g/kWh (thermal)	Maintain current status (Reference) 5-year averages for the 2000–2004 fiscal years 0.01 g/kWh (overall) 0.05 g/kWh (thermal)	0.021 g/kWh (overall) 0.066 g/kWh (thermal)	
Maintaining the nitrogen oxide (NOx) emission level per unit of electric power generated by Kansai Electric Power	0.039 g/kWh (overall) 0.121 g/kWh (thermal)	Maintain current status (Reference) 5-year averages for the 2000–2004 fiscal years 0.04 g/ kWh (overall) 0.13 g/ kWh (thermal)	0.041 g/kWh (overall) 0.126 g/kWh (thermal)	
Improving recycling rate of industrial wastes	97.3%	90%	96.9%	
Reduction of landfill disposal of industrial wastes (not including special management industrial waste)	6,829 tons	50% reduction from 2000 fiscal-year levels (4,500 tons or less)	5,837 tons	
Proper processing of PCB wastes	Amount processed Approx. 8,000 kL (cumulative total)		Amount processed Approx. 18,000 kL (cumulative total)	
Improving green purchasing rate for office supplies (for 43 target items)	99.0%	Nearly 100%	96.7%	
Adoption of low-pollution vehicles (ratio of low-pollution vehicles to all vehicles)	37.7%	42%	48.3%	
Reducing office electricity consumption	7.0% increase compared to the prior fiscal year (amount used: 113 million kWh)	1% or more reduction compared to the prior fiscal year	0.6% reduction compared to the prior fiscal year (amount used: 113 million kWh)	
Reducing utility water consumption	8.4% increase compared to the prior fiscal year (amount used: 736,000 m ³)	1% or more reduction compared to the prior fiscal year	5.6% reduction compared to the prior fiscal year (amount used: 695,000 m ³)	
Improving fuel efficiency of company vehicles	2.7% decrease compared to the prior fiscal year (fuel efficiency: 9.04 km/liter)	Improve as much as possible	3.5% improvement compared to the prior fiscal year (fuel efficiency: 9.36 km/liter)	
Reducing copy paper consumption	13.0% increase compared to the prior fiscal year (amount used: 1,021 tons)	1% or more reduction compared to the prior fiscal year	0.5% reduction compared to the prior fiscal year (amount used: 1,016 tons)	

Changes from the previous report

New additions • We added the category "Proper processing of PCB wastes" because, after beginning the processing of low concentration PCBs in utility pole transformers in the 2004 fiscal year, we began processing high concentration PCBs in the 2006 fiscal year, making it necessary to promote safety assurance in PCB processing company-wide.

That in the cessary to promote sate assumance in PCB processing company-wide. **Changed targets** • In the category "Improving fuel efficiency of company vehicles" (formerly titled "Improving mileage of company vehicles"), we changed the target from "improve as much as possible" to "1% or more reduction compared to the previous fiscal year" in response to a revision to the Law Regarding the Rationalization of Energy Use. • In the category "Improving recycling rate of industrial wastes," with the recycling of coal ash and calcium sulfate that began with the operation of the Maizuru Power Station, we expect to greatly exceed the former 90% target so we changed it to "maintain current status."

In the category "Reducing copy paper consumption," we are no longer able to use the back sides of copy paper, as had been our practice previously, due to the enactment of the Personal Information Protection Law and other developments. This has resulted in a company-wide trend to use increased amounts of copy paper, so we have changed the target from *1% or more reduction compared to the previous fiscal year" to "as much reduction as possible."

29

Our 2005 fiscal-year targets and results and our targets for the 2006 fiscal year and later are as shown below.

Targets				
Fiscal 2006	Fiscal 2007	Fiscal 2008	Evaluation of 2005 fiscal year results and future actions	
Maintenance	/increase in number of co	mpliant locations	This number decreased due to the planned long-term suspension of operation of the Tanagawa No. 2 Power Station. We will seek continuous improvement of our management systems in the future.	
Approx. 0	.34 kg-CO₂/kWh in the 20	10 fiscal year	Since the Japanese government is determining a calculation method based on a reporting system for greenhouse gas emission amounts, the numerical values have not been calculated in the new method, but they are expected to be about the same as in the prior fiscal year. We will continue to implement global warming prevention countermeasures, including the optimal mix of energy generation that emphasizes nuclear power generation.	
Operate nuclear prevent a recurre Power Station Ur	power plants with safety a ince of an incident like the nit 3 accident	assurance measures to e Mihama Nuclear	We will pursue stable operation of our nuclear power stations, making our top priority the implementation of certain measures necessary to assure safety.	
	42% or more		We have nearly achieved our target through efficiency measures, especially the operation of high-efficiency combined plants. We will continue to execute facility and operation measures to increase efficiency.	
49,652 kW	50,052 kW	50,052 kW	We had no improvement plans in the 2005 fiscal year. We will continue to work to increase electric power generation amounts through further adoption of high-efficiency machinery and other measures.	
	97%		We recovered SF $_6$ gas steadily and achieved our targets. We will continue to maintain the 97% recovery rate set as the target by the Federation of Electric Power Companies of Japan.	
Seek to increase 2007 fiscal year	number of subscriptions t	o 1,000,000 by the	The number of nighttime electric power contracts is increasing steadily. We will seek to popularize these further by offering attractive products and services and through other efforts.	
Achiev	e amount required by the	RPS Law	We achieved the amount required for the 2005 fiscal year by the Special Measures Law Concerning the Use of New Energy by Electric Utilities (RPS Law). We will continue to develop new energy ourselves and nurchesse if from others as we also work to promote the productivity of the Green Power Fund	
Prom	ote the Kansai Green Pov	ver Fund	and purchase it from others as we also work to promote the popularization of the Green Power Fund.	
Maintain current status (Reference) 5-year averages for the 2001–2005 fiscal years 0.01 g/ kWh (overall) 0.05 g/ kWh (thermal)			In addition to using low sulfur oil and sulfur-free LNG, we have installed desulfurization equipment and taken other measures to achieve the world's highest clean level. We will continue to use fuel with outstanding environmental qualities and maintain the performance of our desulfurization equipment to sustain this level.	
Maintain current status (Reference) 5-year averages for the 2001–2005 fiscal years 0.04 g/kWh (overall) 0 13 g/kWh (hermal)			In addition to using low nitrogen fuel, we have installed denitration equipment and taken other measures to achieve the world's highest clean level. We will continue to use fuel with outstanding environmental qualities and maintain the performance of our denitration equipment to sustain this level.	
	Maintain current status	3	We achieved our target by recycling all high volume coal ash and desulfogypsum emitted by the Maizuru Power Station. We will continue to promote 3R (reduce, reuse and recycle) handling of wastes at all of our sites.	
50% reduction fro	om 2000 fiscal-year levels	; (4,500 tons or less)	We did not achieve our target due to an increase in emissions, including insulation scraps from pipe inspections, marine life and sludge. We will install jellyfish processing equipment and promote other measures at every facility, and we will seek to achieve the elimination of landfill disposal of industrial wastes in the medium and long term.	
Process a	I PCBs by the legal dead	line (by 2016)	In addition to the proper storage and management of PCB wastes, we are conducting proper processing and seeking to complete the entire amount within the period prescribed by law.	
Maint	ain current status (approx	<. 100%)	We underperformed our target slightly. In order to achieve our target in the future, we will advance awareness-raising and make other efforts, including promotion of green purchasing in the group.	
52%	55%	58%	We achieved our target to increase the number of vehicle conversions to low-pollution vehicles. We will continue to convert to low-pollution vehicles as we replace vehicles on a planned basis.	
1% or more	e reduction from prior fisc	al year results	Through steady efforts at every site and other measures, we reduced the amount used from the prior fiscal year. Along with compliance with the revised Law Regarding the Rationalization of Energy Use, we will continue to actively promote energy conservation efforts at every site.	
1% or more reduction from prior fiscal year results		al year results	We achieved our target by relocating to our new headquarters building, which is a model of building symbiosis with the environment, and by taking other measures. We will continue to promote steady resource conservation efforts at every site.	
1% or more i	mprovement over prior fis	scal year results	We made improvement over the prior fiscal year by thoroughly implementing the practice of turning off engines when vehicles are stopped and through other measures. Along with compliance with the revised Law Regarding the Rationalization of Energy Use, we will continue to actively promote fuel efficiency efforts at every site.	
Prom	ote as much reduction as	possible	Through steady efforts at every site and other measures, we reduced the amount used from the prior fiscal year. We will continue to promote efforts at every site.	

Environmental management

We are planning to further enhance the environmental management system of the unified group in order to promote efficient environmental protection countermeasures, starting with observance of legal regulations related to the environment, in the Kansai Electric Power group as a whole.

Environmental management system

The Kansai Electric Power environmental management system is based on the ideas of total guality management (TQM) systems. With this system, we seek sustainable development that balances environment, society and economics.

We are contributing to the creation of a sustainable society through continuous improvement efforts based on our environmental policy PDCA cycle. We are working to reduce environmental burdens in our enterprise activities, as well as leading efforts for the creation of an even better environment.

Promotion system

In order to strengthen and promote across departments our leading efforts to resolve environmental problems further, we established the Environmental Board as an organization below the CSR Promotion Council in February 2006. The Environmental Board will prepare, check and review Eco Actions, concrete action plans for environmental management efforts based on environmental policies and recycling-oriented enterprise activities. In addition, it will promote appropriate environmental risk management and other efforts for unified corporate-wide environmental management.

In addition, the Group Environmental Management Committee, which was established in August 2005 with the goal of expanding environmental management efforts at group companies, will encourage cooperation and promote environmental management in the Kansai Electric Power Group.



(held August 29, 2005)

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Eco Actions: group company concrete action plans

We have proactively calculated and disclosed Kansai Electric Power Group data related to the environment in the past. Starting in the 2005 fiscal year, however, we began undertaking concrete Eco Action plans for environmental management in our 41 group companies, and we have been further promoting environmental management group-wide.

For the execution of Eco Actions, we investigated the status of environmental management at group companies, and, based on the trial results from the first 17 companies, we prepared the Kansai Electric Power Group Eco Action Planning Manual, which summarizes approaches to setting concrete management ranges and targets. We also created and began utilizing the Kansai Electric Power Group Environmental Information Management System that efficiently aggregates data related to the environment.

As shared group-wide management items for the 2006 fiscal year, we are undertaking continuous improvement efforts based on the PDCA cycle with energy conservation, green procurement and waste 3R implementation as efforts that raise environmental awareness because employees can practice them every day in their workplaces.

	Execution	items	2005 fiscal year results	2006 fiscal year targets	Approach
_		Reduction of amount of office electricity used	47 million kWh	1% or more reduction compared to the previous fiscal year	As efforts that can be carried out directly by individuals in the office, we are striving to
Response to global environmental	Energy conservation	Reduction of amount of ordinary water used	320,000 m³	1% or more reduction compared to the previous fiscal year	burdens caused by unnecessary electricity and water resource consumption.
problems		Improvement of vehicle fuel efficiency	8.9 km/L	1% or more improvement compared to the previous fiscal year	In keeping with trends in legal regulations (revised Law Regarding the Rationalization of Energy Use), we are working to reduce environmental burdens caused in distribution by limiting vehicle fuel consumption.
Promotion of recycling-	Waste 3Rs	Reduction of amount of copy paper used	746 t	Reduce as much as possible	Enforcement of the Personal Information Protection Law and business operation activities have caused an increase in consumption, so we will strive to reduce paper use as much as possible.
enterprise activities	Green purchasing	Purchase of recycled copy paper	79%	Green purchase rate of 100%	We will strive to achieve a 100% purchase rate of copy paper that is made completely from recycled post-consumer pulp.

ISO 14001 implementation

Since the 1997 fiscal year, we have been implementing environmental management systems (EMS) that conform to the ISO 14001 standard, an international standard for environmental management, especially at our thermal power stations. We have received external certifications for 9 individual business locations. In addition, in February 2005, our Hokusetsu Sales Office received Eco Action 21 certification, which is based on the ISO 14001 standards, from the Ministry of the Environment.

We will continue to implement the EMS based on ISO 14001 standards, raise the levels of our environmental management systems and increase the reliability of our environmental performance throughout the group.

Business places that have acquired ISO 14001 external certification (as of the end of the 2005 fiscal year)

Business type	Name	Date of registration	Certification agency	
	Himeji No. 1 Power Station (thermal)	March 24, 2000		
	Kainan Power Station (thermal)	October 27, 2000		
Power	Himeji No. 2 Power Station (thermal)	March 23, 2001		
generation	Sakaiko Power Station (thermal)	February 22, 2002		
	Nanko Power Station (thermal)	March 29, 2002	Japan Audit and	
	Ohi Nuclear Power Station	October 25, 2002	Certification Organization	
Distribution	Wakayama Power Station, Tanabe Electric Power SC	February 22, 2002		
	Himeji LNG Management Office	March 29, 2002		
Business	Distribution and Sales Division,	lamon 00,0004		
operations	Technical Test Center	January 26, 2004		

Business places that have acquired Eco Action 21 certification (as of the 2005 fiscal year end)

Business type	Name	Date of registration	Certification agency	
Business operations	Hokusetsu Sales Office	February 16, 2005	Institute for Global Environmental Strategies Sustainability Center	

Implementation of the Kansai Electric Power Group Environmental Information Management System

Using the Kansai Electric Power Group-wide network, we have created a system for the unified management of information related to the environment, and have begun utilizing such information with the aggregation of the 2005 fiscal year results.

Main management data Amounts of electricity, water, fuel and other resources used, amounts of emissions of atmospheric pollutants, wastes and other substances, green purchasing rates, PRTR results, etc.

Observance of laws, regulations and other rules

Regarding ordinary waste collection and transportation in the 2005 fiscal year, we received a severe reprimand from the towns of Mihama and Takahama in Fukui Prefecture for violation of the Waste Management and Public Cleansing Law. In addition, we were cautioned by Fukui Prefecture because the dioxin concentrations of gas emissions from the Ohi Power Station recycled wastewater processing facility for the 3rd and 4th unit condenser processing equipment exceeded emissions standards according to the Law for Special Measures for Handling Dioxin. We are working to rectify these situations.

Kansai Electric Power facilities have endeavored to observe laws and regulations related to the environment and have not received cautions or reprimands from national or local government entities other than the above. In addition, we are faithfully complying with environmental protection agreements that we have made with the concerned local governments near our power stations.

Environmental accounting

Since the 1999 fiscal year, we have conducted environmental accounting of the annual results for Kansai Electric Power as an individual company and made these results public. In the 2005 fiscal year, in addition to establishing the Group Environmental Management Committee, we have expanded our group environmental accounting to include 41 group companies.

Evaluation of the 2005 fiscal year

The facility use rate for our nuclear power stations improved from 70.2% to 75.4%, but in order to respond to greater electric power demand and for other reasons, thermal power station operation status was roughly the same as the previous year with the following results:

- The amount of CO₂ emissions in the 2005 fiscal year was about 52 million tons, equivalent to 2004 fiscal year results.
- The amount of SOx emissions was 2,474 tons and the amount of NOx emissions was about 4,752 tons. Both of these are a slight increase compared to the 2004 fiscal year results.
- · Along with a decrease in business operation profit environmental efficiency indices (consolidated indices) decreased 22% compared to the 2004 fiscal year. $(115 \rightarrow 90)$

With assurance of safety in nuclear power generation as our highest priority, we will continue to work proactively to confront global warming and other environmental problems.

Due to decreases in work to bury power transmission lines and in other investments in the 2005 fiscal year, our environmental protection costs decreased about 1.8 billion yen. In addition, due to full operation of coal thermal power stations and other factors, pollution prevention expenses and greater ash processing expenses increased costs about 1.1 billion yen.

Environmental protection costs (Millions of yen)

Category	Investment		Expense		Main items	
Category	Fiscal 2005	Fiscal 2004	Fiscal 2005	Fiscal 2004	Main items	
I. Cost of environmental management	300	150	3,570	4,010		
1. Environmental management	300	150	170	130	Preparation of environmental reports, internal education programs, acquisition of external certifications such as ISO	
2. Environmental advertising	-	-	90	100	Monthly events related to the environment, PR work on energy conservation	
3. Labor costs	-	-	3,300	3,770		
II. Cost of measures against global environmental problems	580	830	1,970	1,610		
III. Cost of conservation of regional environments	11,100	12,520	27,580	27,270		
1. Monitoring and measuring of environmental impact	160	80	2,230	1,940	Measurement and management of radioactivity levels, measurement and research of substance concentration in the environment	
2. Pollution prevention	4,890	3,480	21,200	20,740	Measures for preventing air and water pollution	
3. Natural environment protection and harmonization	6,050	8,960	4,140	4,590	Burying of transmission cables, planting projects	
IV. Cost of building a recycle-oriented society	700	1,130	8,270	7,430		
1. Treatment and recycling of industrial waste	90	190	3,940	3,250	Industrial waste and PCB treatment	
2. Treatment and recycling of general waste	-	-	20	20	Recycling of old paper	
3. Treatment of radioactive waste	610	940	4,310	4,150	Low level radioactive waste treatment	
4. Green purchasing	0	0	10	20	Leasing of low-pollution vehicles	
V. Cost of research and development	-	110	1,830	1,700	CO2 measures	
VI. Other costs	330	40	1,080	1,160		
1. Coexistence with local communities and support for environmental education	-	-	230	270	Membership in environmental organizations, donations for events	
2. International activities	330	40	10	0	Donations to environment funds overseas	
3. Environmental subsidies and donations	-	-	850	890	Levies on pollution levels	
Total	13,000	14,780	44,300	43,180		
Total investment for the concerned period	180,600	203,500		-		
Total running costs for electric utilities business during the concerned period	-	_	2,069,200	2,054,100		

Note: "Environmental Accounting Guidelines, 2005 edition" (Ministry of the Environment) was used a reference. Depreciation was not used as a factor in figuring cost. Complex cost was figured by using one of the following 3 methods: 1. balance tabulation, 2. pro rata tabulation based on rational standards or 3. pro rata tabulation based on simple standards. The total of individual environmental preservation initiatives has been used as a factor in figuring cost involving nuclear power generation (managing/measuring radiation, treating low-level radioactive waste, etc.). Totals may not add up exactly due to rounding off figures.

Effect of environmental protection activities

Category	/	Item (unit)		Fiscal 2005 (A)	Fiscal 2004 (B)	Result (A - B)	Compared to 1990 level (or comulative amount)
I. Environmental management		Acquisition of external certification such as ISO (total number of facilities)		9	9	±0	-
II. Global environmental p	rotection	CO ₂ emissions	(millions of t-CO ₂)	About 52	51.59	—	_
		CO2 emissions factor	(kg-CO2/kWh)	About 0.35	0.356	—	_
III. Regional		SOx emissions	(t)	2,474	2,375	99	(8,823)
environmental	Pollution	SOx emissions factor	(g/kWh)	0.021	0.021	±0	(0.071)
protection	prevention	NOx emissions	(t)	4,752	4,529	223	(10,294)
		NOx emissions factor	(g/kWh)	0.041	0.039	0.002	(0.082)
	Environmental	Extended length of buried cable	(km)	150	141	9	a cumulative total of 13,012
	harmonization	Forested area	(1,000 m ² total area)	3,684	3,625	59	_
IV. Building of a recycle-o	riented society	Industrial waste discharge	(1,000 t)	399	331	61	260
		Industrial waste recycle rate	(%)	97	97	±0	20
		Low level radioactive waste	(drums)	4,381	3,432	949	a cumulative total of 121,908
		Use of low-polluting vehicles	(total number of vehicles)	2,299	1,799	500	_
V. Other		Forestation	(1,000 trees)	16	10	6	a cumulative total of 35.9*1
		Beautification activities	(no. of cases)	406	362	44	a cumulative total of 7,218*2

Note: CO2 emissions include those of other companies. SOx and NOx emissions are only for self-generated power. CO2 emissions factor is based on amount of energy sold. SOx and NOx emissions factors are based on amount of power generated *1. Total of fiscal 1993 and subsequent *2. Total of fiscal 1996 and subseque

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Category		Fiscal 2005	Fiscal 2004	Main items
Revenue	Business income from recycling etc.	1,080	370	Sales of desulfogypsum etc.
Expenditure	Cost reduction by energy saving	10,610	8,450	Reduction in fuel consumption by improving heat efficiency of thermal power plants*
	Cost reduction by material reuse and recycling	5,610	5,420	Cost reduction by reusing utility pole transformers etc.
	Other	20	10	Reduction in pollution load levies by reducing SOx emissions
	Total	17,320	14,260	

Economic effect of environmental protection efforts (Millions of yen)

* The reduced fuel consumption for this year was calculated from the thermal efficiency improvement compared to 1990 levels

Eco-efficiency

Kansai Electric Power has conducted trial calculations of the relationship between the environmental loads of our business activities and the economic value that those activities produce to express eco-efficiency. Since the 2003 fiscal year, we have used the Japanese version of a damage-oriented impact assessment method called LIME, which was developed by the Ministry of Economy, Trade and Industry's LCA National Project, to create an integrated index of our environmental load.

The environmental loads summarized considering the nature or our business include

Eco-efficiency (Operating profits ÷ Environmental load), 1990 level = 100

Group environmental accounting efforts

We began environmental accounting calculations for the Kansai Electric Power group in the 2003 fiscal year, and have steadily expanded the number of companies covered in our aggregated data. In the 2005 fiscal year, with the goal of furthering environmental management efforts in group companies, along with establishing the "Group Environmental

emissions of CO2, SOx and NOx, substances that have considerable environmental impacts, final industrial waste disposal, and crude oil and other resource consumption. For economic value, we used the operating profit from our financial accounting.

The amounts of environmental burdens in the 2005 fiscal year were about the same as in the 2004 fiscal year, but the reduction of electricity fees and the increase in fuel prices caused a decrease in business operation profits of about 20%, from 366.1 billion yen to 294.9 billion yen, thus, reducing environmental efficiency by about 22%. We will work to improve our environmental efficiency as we pursue nuclear power generation with safety as our highest priority.

Management Committee" (page 31) in August, we expanded the number of companies to 41 from the 23 in the 2004 fiscal year by including all businesses that participate in the committee in the calculations.

As the Kansai Electric Power Group, we will continue to seek to improve the accuracy of our evaluations of the costs of enterprise environmental protection efforts and the material and economic effects of those efforts.

(Millions of yon)

Environmental protection costs

Category	Main items	Fiscal 2005 (41 companies)		
outegory	Main Reins	Investment	Expense	
Management activity costs	ISO implementation and operation	7	1,511	
Pollution prevention costs	Air pollution, water quality degradation prevention, equipment maintenance	52	28	
Recycling costs	Ordinary/industrial waste processing/recycling	1	641	
Social activity costs	Tree and vegetation planting activities, participation in non-company projects	-	5	
Other costs	Pollution impact levies	0	12	
Total		60	2,197	

Effect of environmental protection activities

Category	Item (unit)	Fiscal 2005
Environmental management	Acquisition of external certification such as ISO (total number of facilities)	20
Global and regional	CO ₂ emissions (1,000 tons of CO ₂)	90
environmental protection	SOx emissions (t)	4
	NOx emissions (t)	3
	Forested area (thousands of m ² at fiscal year end)	51
Building of a	Industrial waste discharge (1,000 t)	66
recycle-oriented society	Use of low-polluting vehicles (total number of vehicles)	570
Other	Forestation (1,000 trees)	1.252
	Beautification activities (no. of cases)	91

Due to revisions to the businesses included in Kansai Electric Power Group environmental accounting and standardization of calculation methods for some data, we have shown only the 2005 fiscal year results.

Economic effect of environmental protection efforts (Millions of yen)					
	Category	Fiscal 2005			
Revenue	Business income from recycling etc.	496			
	Sales proceeds from eco-products etc.	28			
Expenditure	Cost reduction by energy saving	13			
otal		537			

41 businesses covered (please see page 31 for details)

K-Opticom Corp. etc.

Revenue

Expendit Total

 $\diamond \diamond \diamond$ Information and communication: 5 companies

Kanden Gas and Cogeneration Co., Inc. etc.

Kanden Fudosan Co., Ltd. etc.

Kanden Engineering Corp. etc.

◊◊◊◊◊◊◊ Electric power related: 15 companies

Kanden L-Heart Co., Inc. etc.

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New ERA Strategy for confronting global environmental issues

Pursuing our New ERA Strategy of comprehensive measures to prevent global warming and promoting the reduction of greenhouse gases and appropriate energy use worldwide.

New ERA Strategy

We are actively promoting our New ERA Strategy of comprehensive measures to reduce greenhouse gas reduction. We are conducting our business by pursuing balanced policies to promote the three ERA themes of efficiency (E), reduction (R) and activities abroad (A) in order to contribute even more to confronting the problem of global warming.

The name ERA uses the initials of the themes of efficiency, reduction and activities abroad and emphasizes our desire to create a new era.

CO₂ reduction target and performance

For our CO₂ reduction target, in keeping with the targets of the electricity business as a whole, we have set a numerical CO2 emissions target (CO2 emissions factor) for fiscal 2010 of 0.34 kg of CO₂ per kWh of electric power consumed (sold).

Even though the utilization of our nuclear power stations

improved, operation of thermal power stations also increased compared to the previous fiscal year in response to increased sales of electric power. As a result, our 2005 fiscal year results were about the same as for the 2004 fiscal year at 0.35 kg-CO₂/kWh.* In order to continue to reduce the amount of CO2 emissions factor, at Kansai Electric Power, we are working proactively to increase the use of new energies and energy efficient equipment as we also use the Kyoto mechanisms and develop new technologies, including those for CO2 capture and storage. Among these and other efforts, our core focus continues to be the promotion of nuclear power generation with the assurance of safety

and the restoration of confidence as our top priorities.

* This is a provisional value. When the national government officially announces the CO2 emission coefficient, which will be based on the Law concerning the Promotion of the Measures to Cope with Global Warming and related rules, that Kansai Electric Power should use, we will announce the resulting value elsewhere.

Effectiveness of avoiding CO₂ emissions

Compared to 1990, the effect of avoiding CO2 emissions in the 2005 fiscal year was about 15.9 million tons of CO2, with nuclear power generation accounting for about 80%. This is equivalent to about 1% of Japan's annual CO2 emissions amount of 1.279 billion tons of CO2 (fiscal 2004). If we convert this to an amount of oil, it is equivalent to about 5.7 million kiloliters, which is roughly equal to about 70% of Kansai Electric Power's fuel consumption in the 2004 fiscal year.

Note: Percentages are calculated against total amounts

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advancing efforts that balance these three themes well New ERA Strategy Use of untappe Promoting more efficient use of en customers by developing/spreading Development and spread of new energy sources Efficiency Developing tropical rai uclear powe generation ERA Activities Abroad Improving and maintaining nermal efficienc nd mangr Reducing greenhouse gas emissions from power supp thermal pow plants Renovating hydropower plants Undertaking projects abroad in order to utilize the Kyoto Mechanism Do eloping fuel gas ecarbonization technology

We are
Efficiency-achieving more efficient energy use throughout society

We are working to promote customer energy conservation methods, the development and popularization of new energy and other ways to increase more efficient use of energy throughout society.

Encouraging customer energy use efficiency

We are promoting greater energy use efficiency among Kansai Electric Power customers through the development and popularization of high efficiency machinery and systems and by making proposals to improve the efficient use of energy at customer facilities.

For our corporate customers, we have introduced products such as Eco Ice and Eco Ice Mini thermal storage air-conditioning systems that have excellent energy efficiency and help achieve outstanding energy conservation.

For our ordinary household customers, along with electric water heaters, which are typical devices that use electric power late at night, we are working to further popularize the Eco Cute hot water heat pump system, which can realize three times the heat energy per unit of electric power consumed.

In addition, Kansai Electric Power provides a variety of information related to energy conservation to help customers achieve greater energy use efficiency.

In order to raise customer interest in energy conservation, on the electricity use notifications that we provide after making meter inspections, we include usage data from the same month in the previous year. We also offer information about the amounts of electricity each customer used in the last 15 months on our web site along with energy reduction simulations and other services.



Provision of energy conservation information on the Kansai Electric Power web site http://www.kepco.co.jp/sho-ene/index2.html

Investigating the implementation of building energy management

With revisions to the Law Regarding the Rationalization of Energy Use (Energy Conservation Law), the Law Concerning the Promotion of Measures to Cope with Global Warming and other laws, businesses now need to rationalize energy use, report greenhouse gas emissions amounts and make other efforts to further raise the efficiency of their energy use.

Kansai Electric Power has implemented "building energy management" with the goals of determining concretely the status of electric power use at each business place in the 2005 fiscal

Developing and increasing the use of new energy

Donations from Kansai Electric Power

certificate

At Kansai Electric Power, for several years we have been using solar and wind power generation facilities and they produced 860 kW and 150 kW, respectively, by the end of the 2005 fiscal year. In addition, we are purchasing electric power produced by solar and wind power generation, supporting the Kansai Green Power Fund and making other efforts to actively promote the growth of new energies.

To reduce fossil fuel consumption, Kansai Electric Power is also planning to cofire biomass fuel, one type of new energy, at our Maizuru Power Station. (Please see page 25 for more information.)

Supporting the Kansai Green Power Fund

The Kansai Green Power Fund, which is operated by the Kansai Institute of Information Systems & Industrial Renovation, is an effort that involves citizens in the collection of donations from regional customers. These funds are used to assist the building of new energy Moreover, in cooperation with Gobo City in Wakayama

year and executing further energy conservation measures.

We plan to install meters at every business place to measure

the amounts of electric power consumption in detail. We will analyze and evaluate the results to develop policies for

improvement. Moreover, the knowledge that we gain through these efforts will be useful in promoting more efficient energy use

to customers. We plan to use our experience at our own facilities

Prefecture, we are building the Hidaka Port New Energy Park (unofficial name), scheduled to open in the fall of 2007, with the goal of promoting new energy research and popularization there.

as the basis for various proposals.

Through these and other efforts, we will continue to work proactively to develop and popularize new energy.



Image of the Hidaka Port New Energy Park after completion

power generation facilities that do not emit CO₂ when operating. Kansai Electric Power actively cooperates in the growth and promotion of new energy by matching customer donations to this



10 kW solar power generation facility on the roof of the Azuchi-cho, Shiga Prefecture Municipal Azuchi Elementary School indoor athletic field

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Kansai Institute of Information Systems & Industrial Renovation http://www.kiis.or.jp

Green electric power (surplus

Reduction-decreasing greenhouse gas emissions through the supply of electric power

We are working actively to reduce greenhouse gas emissions through promotion of nuclear power generation that puts assurance of safe and stable operation first, as well as maintenance and improvement of thermal power plant efficiency and other aspects of the electric power supply.

CO2 emissions-free nuclear power generation

Nuclear power generation does not cause CO₂ emissions during generation and has other environmental features that make it an excellent power generation method.

Kansai Electric Power makes assurance of safe and stable operation its top priority in its promotion of nuclear power generation and its efforts to confront global warming issues.

Thermal power plant thermal efficiency rate maintenance and improvement

Improving the thermal efficiency of thermal power stations contributes directly to the conservation of fossil fuels, and suppresses CO_2 emissions as a result.

In addition to facility and operation improvement measures for plants that use conventional power generation methods, we are working to improve the total thermal efficiency of our thermal power stations. For example, at the Himeji No. 1 Power Station, we have incorporated combined cycle power generation, a high efficiency power generation method with a thermal efficiency of 54%. As another example, at the Sakaiko Power Station, we are pursuing a facility renewal plan that will incorporate a cutting-edge combined cycle power generation method that achieves a combustor output temperature around 1,500°C. Moreover, we are in the construction planning stage for the incorporation of cutting-edge combined cycle power generation at the Wakayama Power Station.

Hydropower generation renovation

We are making efforts and innovations to increase the generation of electricity at our hydroelectric power stations because they do not cause CO_2 emissions. For example, we have been installing more efficient water turbines and increasing the amount of water used from rivers with abundant water by as much as possible.

The total increased power output since the 1989 fiscal year was 46,252 kW by the end of the 2005 fiscal year end. We plan to achieve an increased power output of 50,052 kW by the 2008 fiscal year end.

Suppression of emissions of greenhouse gases other than CO₂

The six greenhouse gases covered by the Law Concerning the Promotion of Measures to Cope with Global Warming are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), and sulfur hexafluoride (SF₆). CO₂ accounts for about 90% of the total amount of greenhouse gas emissions in Japan, and 99% or more of Kansai Electric Power's emissions.

Other than CO₂, we produce almost no emissions of the other greenhouse gases, but we do emit a small amount of SF₆. However, during disassembly and inspection of gas circuit breakers and gas insulated switchgears that use SF₆ gas,* we recover the SF₆ gas for reuse and minimize the amount emitted to the atmosphere. In addition, by developing auxiliary equipment to recover the SF₆ gas that remains in the primary SF₆ gas recovery equipment itself, we are able to maintain a high total recovery rate of 97% or more.





* Calculations take into account all energy consumed, not just the fuel burnt in producing the electricity but also the energy consumed in obtaining the basic fuel for the construction of facilities, transportation of fuel, refining, use and maintenance.





* In recent years, we have introduced highly efficient combined cycle power generation with a thermal efficiency of 54%. By operating existing equipment, gross thermal efficiency is approximately 42% at all thermal power stations.

Increased power output due to hydropower plant improvements



SF6 gas recovery rate during equipment inspection





* This gas is used widely as a high performance insulation gas in electrical devices because it allows electric devices to be made light and compact and causes no direct harm to people.

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Activities abroad-efforts to prevent global warming overseas

As an electricity business, Kansai Electric Power is using the technological capabilities, knowledge and expertise that it has gained through years of operations to undertake efforts overseas that make use of the Kyoto mechanisms valuable for cost-effective greenhouse gas reduction on a global scale.



* e8 is an NGO comprised of the world's largest electric power companies (9 companies in 7 countries)

Research on the use of bamboo charcoal for CO₂ fixation and effective applications for it in the Maizuru region

Kansai Electric Power is conducting empirical research on making charcoal from bamboo that is grown in the Maizuru region of Kyoto to fix CO₂ from the atmosphere and on effective applications for that bamboo charcoal including in water purification and soil improvement.

Based on the results of this research, we are calculating the amounts of CO_2 fixed in bamboo charcoal and the amounts of CO_2 emitted by these activities and conducting evaluations of the effectiveness of the project using the lifecycle assessment method. In addition, we are evaluating the business potential of bamboo charcoal applications.



Maizuru CO₂ Bamboo Charcoal Sequestration and Effective Use Experiment Center

Responding to community environmental issues

At Kansai Electric Power, we have been taking appropriate measures to prevent chemical substances from harming people and the environment, particularly in the communities where our power stations are located. These measures include comprehensive efforts for atmospheric pollution prevention, water quality contamination prevention, and other actions for environmental protection. In addition, we are proactively promoting harmony and exchange with these communities through cooperative activities that include the planting of trees and other vegetation.

Local environmental protection measures

At our thermal power stations, we undertake measures based on laws, regulations, environmental protection agreements and other rules to reduce atmospheric pollution, water quality contamination, noise, vibrations and other problems. In addition, we monitor and measure the practical effects of these countermeasures and otherwise give significant consideration to the regional environment. Furthermore, we carefully check the data and make other efforts to provide impartial reports based on agreements and other rules when we report to local governments.

At the same time, we seek to achieve scenic harmony in the regions where we operate through vegetation around our thermal and nuclear power stations, the underground burial of power transmission and distribution lines and the use of facility forms that are in consideration of the landscape.



Air pollution prevention measures (NOx, SOx, soot)

In addition to using low-sulfur heavy and crude oil, sulfurfree LNG (liquid natural gas) and low-nitrogen fuel (LNG, high quality oil, etc.) as thermal power generation fuels, we have greatly reduced sulfur oxide (SOx) and nitrogen oxide (NOx) emissions through measures such as the installation of flue gas desulfurization and denitrification equipment.

As a result, SOx, NOx emissions from our thermal power generated electricity are extremely low and ranked highest globally. In addition, high performance electric filters drastically cut soot emissions.



Water quality degradation and hot water discharge measures

Water used in thermal power plants is thoroughly purified by a variety of processing equipment before discharge. Furthermore, to supplement oil barricades and loading arms, we have installed oil fences and other oil spill countermeasures to be completely prepared for the unlikely occurrence of an oil spill. We also release seawater used for power plant cooling (hot water discharge) at a temperature no more than 7 $^{\circ}$ C higher than the nearby ocean. In addition, to prevent affecting the sea creatures that live nearby, we choose appropriate methods and locations for water intake and output.

Noise pollution, vibration and odor prevention measures

Whenever possible we place devices that could cause noise pollution or vibrations inside and far from the boundaries of our power plants and substations. We also harden machinery foundations and install noise absorbers and barriers to minimize noise pollution and vibrations. Moreover, we maintain suitable input levels for ammonia used at power plants and, measuring flue gas ammonia concentrations regularly, keep output amounts low.

Chemical substance measures

We conduct strict management of chemical substances to prevent harm to human health and impacts on ecosystems.



Since April 2004, Kansai Electric Power has been processing pole transformers at our Recycling Center for Utility Pole Transformers to handle the low concentration PCB wastes in their insulation oil and the transformer cases.

In addition, for high concentration PCB wastes, such as high voltage transformers and condensers, we are making arrangements with the Japan Environmental Safety Corporation to contract processing with them. Moreover, we are managing heavy electrical machinery and other equipment appropriately in response to newly identified PCB traces in some items.

Storage of low concentration PCB waste (utility pole transformers) (March 31, 2006)		
Amount to be processed Processed Stored Storage scheduled	Insulation oil (Unit: 1,000 kL) 100 18 44 38	Transformer cases (Unit: 1,000 cases) 240 45 140 55

Storage of high concentration PCB waste (high voltage transformers and condensers) (March 31, 2006)

Amount stored

5.465

Harmony and exchange with communities through efforts to protect the environment

As a business rooted in local communities and as a corporate citizen, at Kansai Electric Power we are making diverse efforts related to the environment to build harmony with our customers and local communities.

We are working to promote awareness of protecting and cultivating greenery through efforts that involve the people of the regions where we do business. In cooperation with people in local communities, our employees plant tree seedlings that we raised at our in-house nursery around our power stations using the Ecological Revegetation Method.* We are making efforts to create natural forests with high environmental protection effectiveness and create biotopes that provide habitats for dragonflies, fireflies and other insects.

* Ecological Revegetation Method

In order to create forests that are as natural as possible rapidly, saplings of different tree species suited to the region are selected and planted together in high concentration



Ecological vegetation



Tree-planting activities



We are working to prevent the emission of dioxins by decreasing the amounts of incineration through measures that include waste reduction and recycling and through appropriate combustion management. With less need for incineration, we are also advancing the decommission of incinerators. As a result, we have greatly reduced their number, from 430 in the 1997 fiscal year to just 12 in the 2005 fiscal year. We are rigorously observing legal regulations for our incinerators that are still in operation.

Efforts to handle asbestos problems

Kansai Electric Power has been periodically monitoring and appropriately handling the condition of facilities identified as containing asbestos. In consideration of recent asbestos problems, we established the in-house Asbestos Countermeasure Investigation Committee in July 2005 to further enhance our efforts to deal with asbestos problems.

Furthermore, we have conducted environmental concentration measurements at Kansai Electric Power facilities indentified with asbestos that are open to customers and have confirmed that asbestos concentrations at all locations are less than the national standard values. We will continue to undertake appropriate management and execute carefully planned measures to handle asbestos.

Our Namba Sales Office was awarded a certificate of appreciation by Osaka City for our planting efforts

In cooperation with local residents, kindergarteners and other citizens, the Kansai Electric Power Namba Sales Office planted Mahonia japonica plants in the neighboring Osaka City Takagishi Park in June 2005. The Osaka City Tennoji Zoological Gardens Office gave us a certificate of appreciation for these efforts in March 2006.

In the future, every Kansai Electric Power business place will continue to cooperate voluntarily with regional citizens, and proactively promote various environmental

protection activities including the planting of vegetation.



Receiving the certificate of appreciation

Promotion of business activities suitable for a recycling-oriented society

At Kansai Electric Power, we are promoting efforts related to the 3 Rs (reduce, reuse and recycle) including green purchasing, energy and resource conservation in offices and other business places and other efforts to further develop our group as a recycling-oriented enterprise.

Promotion of reduction, reuse and recycling

In the 2005 fiscal year, Kansai Electric Power set mediumterm targets of achieving a recycling rate of 90% or more for industrial and related wastes and total landfill disposal of industrial wastes¹ of less than 4,500 tons (a 50% reduction from the 2000 fiscal year level). To achieve these goals, we are making corporate-wide efforts to promote 3 R efforts for waste and other materials.

¹ excluding special management industrial wastes

In the 2005 fiscal year, by recycling the entire amount of coal



Green purchasing promotion

At Kansai Electric Power, in accordance with our green purchasing promotion policy, which was established in 1999, we are pursuing green purchasing efforts by giving priority to products and services with low environmental burdens when buying supplies. Specifically, we have established green purchasing guidelines and we are promoting efforts to realize the company-wide purchasing targets that we set.

By conducting e-learning and other employee awarenessraising efforts, we maintained a high standard of 97% for our green purchasing rate for 43 types of office supplies in the 2005 fiscal year. In addition, we have reevaluated our green purchasing guidelines and manual in response to changes in Japan's fundamental policies regarding green purchasing.

Green purchasing results for office supplies and related items

		/	/
Itom		Green purchasing rate 🛛 🦉	
nem	Targets	Performance (fiscal 2005)	
Office supplies	100%	97%	
(43 items)		Copy papers	100%
	OA devices (5 items) 99%		99%
		Stationery (26 items)	93%
		Appliances and furniture (11 items)	96%

ash and desulfogypsum produced at our Maizuru Power Station, we exceeded our 97% recycling rate target for industrial wastes and other materials.

In contrast, our landfill disposal of industrial waste was 5,837 tons.² This large amount, due to glass and ceramics scraps (insulation scraps), sludge (marine life) and other factors, prevented us from achieving our target. We will work to achieve our target for landfill disposal reduction in the 2006 fiscal year. ² excluding special management industrial waste disposed of by landfill

Applications for resources recovered from industrial and other waste

Industrial and other waste		Main recycling applications
Sludge (desulfogypsum, wastewater processing sludge, etc.)	95%	Construction materials
Soot (coal ash, heavy oil ash, etc.)	100%	Cement raw materials
Cinders (coal ash, heavy oil ash, etc.)	99%	Rare metal recovery
Waste oil	92%	Fuel etc.
Metal scraps	97%	Metal recovery
Demolition debris (waste concrete utility poles etc.)	99%	Roadbed materials
Glass and ceramics scraps (insulation scraps, window pane scraps, etc.)	39%	Metal recovery
Waste plastic scraps (ion exchange resin etc.)	30%	Raw plastic materials

Furthermore, we are promoting management of purchasing results that is more efficient through the creation of an environmental information management system and other measures. We will continue to maintain our high green purchasing rates and expand the items covered by green purchasing.

In the 2005 fiscal year, we actively advanced the procurement of environmentally considerate materials for electric lines, transformers and other materials and parts for electric power facilities, raising the number of items subject to green purchasing to 106. We will continue to expand the number of material types that we subject to green purchasing considerations.





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Conservation of energy and resource in our offices

We continue efforts in our immediate environments at every business place to use electricity, water and other resources that are indispensable for our daily business carefully. In



2005 fiscal year energy conservation results for the Kanden Building, our new headquarters

The annual primary energy consumption amount of our office floors is about 30% less than an ordinary office, and the amount of water supplied for ordinary uses is about 60% less, results that are close to our plan. In addition, the solar power

 Comparison of primary energy consumption with an ordinary office building



generation facility installed in the building produced about 60,000 kWh of power in one year. We will continue to work to increase energy conservation at our new headquarters building even further.

particular, we have set company-wide targets for electricity,

water, copy paper and vehicle fuel conservation and are

pursuing a variety of efforts to reduce their use.

Comparison of water supply consumption with an ordinary office building



Energy conservation measures at Kansai Electric Power's new headquarters building

Active use of natural energy

An eco-frame pillar and beam structure 1.8 meters beyond the windows allows effective utilization of direct natural lighting and ventilation. In addition, the installation of solar panels on the south face of each floor and on the roof totaling 100 kW and other features allow the active use of natural energy.



Interior and exterior around the windows

Promotion of energy conservation

Office areas use movement and light level sensors to effectively control lighting, including using daylight and dimming lights in unused areas, realizing great energy conservation. For air-conditioning, the overall room temperature is less regulated, but by placing cooling near the office workers, both greater energy conservation and comfort can be achieved.

In addition, we are actively promoting energy conservation through the use of the most advanced electric kitchens and other high efficiency devices.

Promotion of electric power impact leveling

The hot water supply equipment for the building uses late night electric power. Furthermore, by accumulating cool air using building thermal storage and by large-scale ice thermal storage at regional heat supply facilities during the summer at night, daytime electric power peaks can be reduced.

Pioneering Efforts to Protect the Environment

Efforts to reduce radioactive waste

Suitable processing and disposal of radioactive wastes

Low-level radioactive waste

The radioactive gas and liquid waste that occurs at nuclear power plants is filtered, separated by evaporation equipment into distilled and concentrated liquids and otherwise processed to reduce radioactivity according to its characteristics. Then, after confirming that the radioactive substance concentration is low enough, it is released into the atmosphere and ocean while inspecting it with a radiation monitor.

Radioactive solid waste, which is concentrated liquid that has been solidified, and mixed solids comprised of metals and other materials, is compressed and packed in drum cans. After it is safely stored and confirmed to be compliant with national technological standards, the drums are placed in an underground facility so that they will not have any effect on the living environment.

Inspection and measurement of radiation and radioactive substances

In order to confirm that the radiation that occurs in the operation of nuclear power plants does not reach a problematic level, we conduct inspections through monitoring posts and other means

High-level radioactive waste

The geologic disposal policy for highlevel radioactive waste that results from the reprocessing of used fuel is to store it safely for a cooling period of 30-50 years before final disposal underground at a depth of more than 300 meters. Furthermore, to cope with the long-term uncertainty of geologic disposal, a variety of hypothetical scenarios are considered scientifically to confirm the safety.

At present, the Nuclear Waste Management Organization of Japan* (approved by the Minister of Economy, Trade and Industry), the main agency responsible for disposal, is in the process of selecting a disposal site.



Periodic sampling and analysis



Radiation dose received by the public living near nuclear power stations that is emitted by radioactive waste is less than 0.001 milisieverts per year. This is extremely low compared to the amount of natural radiation received (2.4 milisieverts per year).

Processing and disposal of high-level radioactive waste



Establishing an atomic fuel cycle

For Japan, a country poor in energy resources, the reprocessing and recycling of used fuel would further improve the level of energy security provided by nuclear power generation and would make long-term energy supply through nuclear power possible. For these reasons, in the Energy Basic Plan and Nuclear Energy Policy Outline the Japanese government has set the effective reprocessing of used fuel and recovery of plutonium, uranium and other elements as a fundamental national policy. Furthermore, pluthermal* use of plutonium in light water reactors has been identified as a high priority for development.

In accordance with the fundamental directives of national nuclear power policies. Kansai Electric Power will continue to work for the harmonious promotion of reprocessing, pluthermal implementation and other aspects of the atomic fuel cycle while building the understanding of our stakeholders, beginning with the people in the regions where we operate, and always making assurance of safety our top priority.

Recycled fuel storage center

A recycled fuel storage center is a facility where recycled fuel that can be reused as an energy resource in the future is stored appropriately for a fixed period before reprocessing. Currently, about 900-1.000 tons of recycled fuel are produced annually in Japan. Considering the annual uranium capacity of 800 tons of the Japan Nuclear Fuel Limited reprocessing plant under construction in Rokkasho-mura, Aomori-ken, new facilities to store recycled fuel outside power plants will be necessary.



* Plutonium recovered from recycled fuel through reprocessing is mixed with uranium to make MOX fuel (mixed oxide fuel), and used again in light water and thermal nuclear reactors



Reprocessing fuel used at nuclear power plants (recycled fuel) allows the recovery of the useful substances uranium and plutonium for reuse as fuel

Out of the recycled fuel, only a mere 5% or less becomes radioactive waste that must be disposed of, while more than 95% is reusable uranium and plutonium. For resource-poor Japan, effective reuse of these is thought to be necessary.

Environmental merits of establishing an atomic fuel cycle

Compared to low-level radioactive waste, many technological and social issues must be solved for the disposal of high-level radioactive waste

Volume reduction

Through reprocessing

as recycled fuel, the

can be reduced by

of

highly

wastes

volume

radioactive

about 70-80%

Highly radioactive waste volume New Nuclear Policy Planning Council (8th) publication no. 3

Atomic Fuel Cycle Volume Analysis (revised edition) simplification



An atomic fuel cycle can reduce and minimize the volume and toxicity of high-level radioactive waste disposal, giving it great merits from the perspective of environmental compatibility.

Reduction of toxicity

The latent harmfulness of the radioactivity of high-level radioactive waste is reduced to oneeighth by the light water reactor cycle. In contrast, if a fast breeder reactor cycle is realized in the future, the reduction could be increased to as much as one-thirtieth.

Potential degree of danger

New Nuclear Policy Planning Council (9th) publication no. 14 Atomic Fuel Cycle Volume Analysis (revised edition) simplification



after one year, which is set at one

Communication about the environment

In order to raise the level of understanding about our environmental protection efforts, Kansai Electric Power is constantly conducting face-to-face communication with various stakeholders.

Publication of "Learning about Environmental Problems by Experimenting with Things Found at Home"

Kansai Electric Power staff have been teaching about energy and the environment to the younger generations through visits to elementary and middle schools and other activities that provide educational opportunities. After these activities, we have received many opinions from Kansai Electric Power employees, schoolteachers and others involved, including, "We need educational materials that will make children more concerned about environmental problems," and "finding ways to teach children about environmental problems in an easy to understand way is really a challenge."

In order to respond to these concerns, we enlisted the cooperation of Yoshiharu Yamada, who is a representative of



Use during a school visit



A meeting of experts from outside the company



Learning about Environmental Problems by Experimenting with Things Found at Home

A Letter from the Future

In addition to the "Learning about Environmental Problems by Experimenting with Things Found at Home" booklet described above, as part of our environmental education efforts for the younger generation, we have also made a pamphlet for older elementary school students called "A Letter from the Future" that explains the global warming problem in easy-to-understand terms. In this story, a child living in a future in which global warming has worsened sends a letter to the children of today to make them aware of the crisis. Along with explaining the causes of global warming, the present condition and expected effects, this story includes numerous example actions that the children can take in their homes and at school to help prevent further aggravation of global warming.

the Online Natural Science Education Network (ONSEN)

Laboratory and an Osaka City Senior High School teacher, and

other experts from outside of our group who teach natural

science lessons and lead experiments for children. With the

goal of raising children's awareness about environmental

problems, together we prepared "Learning about Environmental

Problems by Experimenting with Things Found at Home," a

collection of interesting experiments that are easy to undertake

by using materials and tools that are readily available. In

addition, we are currently preparing an explanatory guide for this booklet to deepen understanding and assist its use in

various environmental education situations.



Development of the 100,000 Member Eco Family Movement and establishment of the Kanden e-Kids Club

Kansai Electric Power is promoting the 100,000 Member Eco Family Movement that encourages every employee family household to conserve resources and energy and otherwise take actions to protect the environment. As one aspect of this, during the 2005 fiscal year summer vacation, about 600 Kansai Electric Power Group employees and their children took part in a Kids' ISO 14000 Programme.* This program, which centers on children, seeks to reduce the amounts of electricity, gas, and water used in households, as well as the amounts of garbage emitted. As a result, CO₂ emissions were reduced about 4.86 tons in total during the activity period of about one week. The employees who participated evaluated it highly, saying that their "environmental awareness improved" and that they were "happy to have participated."

In addition, we also held exchange meetings for the employees and their children who participated in the program.

At these enjoyable gatherings, lively exchanges about what each household had done, including their successes and failures, what that they had learned about the environment and other ideas occurred.

Building on the results of these efforts, in June 2006, we established the Kanden e-Kids Club for children living in the Kansai region. In this club, through the Kids' ISO 14000 Programme, as well as nature observation activities, power station study tours and other programs, we are providing children opportunities over about one year to think about the environment and energy and take actions for conservation.

* We try to impress the theme of this environmental education program, which is "do what you can do yourself to improve the environment," on the participating children. The program was developed by ArTech International Art & Technology Cooperation Organization (ArTech), and the International Standards Organization has permitted the use of ISO terms since it is being expanded in Japan and abroad.



Interaction between employees and their children



Nature game

Interaction with Kanden e-Patio members

We provided members of Kanden e-Patio, an Internet club operated by Kansai Electric Power, information related to the environment, including the Kyoto Protocol and energy conservation methods, as well as announcements about Kansai Electric Power Group environmental activities at various times through a one year period beginning February 2005.

Then, in March 2006, we held a discussion meeting at which members could exchange opinions directly. We listened to comments from the members who participated, including "I know very little about the specific efforts that Kansai Electric Power is taking regarding the environment." We also heard their expectations for future Kansai Electric Power environmental efforts, such as "I want you to arrange so that we can do something together, involving everyone," and "I want to take part in environmental events where families can participate." By building on the diverse opinions and ideas we received, we will further emphasize the perspective of our customers as we continue to advance environmental communication activities.



Participants at the discussion meeting

I Pioneering Efforts to Protect the Environment

Group company eco-businesses

In the Kansai Electric Power Group, we are promoting environmental businesses that serve society by using the expertise that we have developed in our environmental protection efforts and by employing the management resources of our group as a whole.

The General Environmental Technos Co., Ltd.

The 21st century has been called "the environmental century," and enterprise activities related to the environment and sustainable development are becoming even more important. A market exists for responding to these needs and businesses involved in fields related to global environmental protection measures, the regeneration and restoration of nature, the preservation of water guality and the decontamination of soil are expected to grow steadily in the future.

The General Environmental Technos Co., Ltd. is a Kansai Electric Power Group environmental engineering business that combines the fields of environment, civil engineering and architecture. We make use of the specialized technology and expertise that we have accumulated over the years to support the creation of abundant regional environments and contribute to the realization of a better global environment. We are expanding our fields of activity throughout Japan and internationally.

In the 2005 fiscal year, we worked on various public projects related to the environment. For example, in Yubari-shi, Hokkaido, we participated in the Ministry of Economy, Trade and Industry's CO₂ coal layer fixation technology development project (please see page 38). We also conducted vegetation monitoring investigations as part of the Ministry of the Environment's Odaigahara nature regeneration project, and we assisted with the Ministry of Land, Infrastructure and Transport's national riverside condition investigations.



Coal layer fixation project

Kanden Geo-Re Co., Ltd.

In recent years, the number of confirmed cases of soil contamination from harmful substances has been increasing during real estate transactions and the redevelopment of old factory sites. Furthermore, with the enactment of the Soil Contamination Countermeasures Law in February 2003, which strengthens regulations affecting landowners, concern about soil contamination is increasing daily.

Kanden Geo-Re Co., Ltd., a professional group that specializes in pollution soil countermeasures, undertakes business that includes consulting, soil decontamination and the resale of decontaminated land.

By employing a newly developed continuous processing system that combines the previously separate techniques of cleansing and heat processing, we are able to decontaminate polluted soil at lower costs and with greater certainty. Our purified soil can be reused for such purposes as golf course fill soil, soil enhancement and horticultural materials. Through this work, we are contributing to environmental protection by achieving a 97% or greater recycling rate.



Revolutionary purification system boasts a 97% reuse rate

HydroEdge Co., Ltd.

In April 2006, the Kansai Electric Power Group and Iwatani International Corporation established HydroEdge Co., Ltd. as a joint venture and began its operation as a liquefied hydrogen and industrial gas manufacturing plant.

At this company, we use cold energy from liquefied natural gas (LNG), which is supplied by the neighboring Sakai LNG Center (owned by Kansai Electric Power Group member Sakai LNG Co., Inc.), to separate air molecules and manufacture liquefied nitrogen, liquefied oxygen and liquefied argon. Moreover, by using some of the manufactured liquefied nitrogen as a coolant, we liquefy hydrogen gas that is derived from modified natural gas.

As a new energy source that is easy on the global environment, hydrogen is indispensable for the future efforts of society. The increased use of hydrogen is expected along with the development and popularization of fuel cell automobiles and other technologies that are environmentally friendly.



Liquid hydrogen and industrial gas manufacturing plant

47

Kanden L-Heart Co., Inc.¹

Friendly Community Garden: Udono-no-Sato (Takatsuki City, Osaka Prefecture)

With the goal of developing the range of employment possibilities for disabled people in the future, we opened the Friendly Community Garden: Udono-no-Sato in Takatsuki City, Osaka Prefecture in April 2006.

At Udono-no-Sato, people from the local community can enjoy being close to nature by growing vegetables and flowers. We also hope that people with an interest in environmental movements such as LOHAS (Lifestyles of Health and Sustainability) will use it for organic farming and horticulture with minimal use of agricultural chemicals.

Moreover, we believe that as a gathering place for people of all generations, from the elderly to young children, Udono-no-Sato is a place for interaction with disabled people, including the employees of Kanden L-Heart Co., Inc.

Portulaca, a plant that breaks down and purifies environmental hormones

Kanden L-Heart Co., Inc. is selling Portulaca, an ornamental plant that has a high ability to neutralize endocrine disruptors (so-called environmental hormones).²

Kansai Electric Power developed this species of Portulaca in collaborative research with Osaka University. We were able to select a species with a high ability to neutralize environmental hormones from among the numerous Portulaca species and successfully produce it in large amounts.

Kanden L-Heart Co., Inc.

- In 1993, we established Kanden L-Heart Co., Inc. in cooperation with Osaka City and Osaka Prefecture as a public and private sector joint venture. This Kansai Electric Power special affiliate company promotes the employment of people with mental disabilities and heavy physical disabilities.
- This Portulaca, which originated in South America, is a relative of Portulaca grandiflora in the Portulacaceae 2 family and is resistant to dryness

Kanden Plant Corp.

Filter cleaning enterprise

Kanden Plant Corporation is an enterprise that promotes reuse by cleaning medium performance filters for building and factory air-conditioners with ultrasonic waves (cleaning 3 to 5 times possible). As a result of this cleaning, waste can be reduced to 1/3 or even 1/5 of before and costs can be reduced about 30% by decreasing new purchase expenses.

In addition, even if the currently used filter is a non-cleanable filter, conversion to a cleanable filter with the same performance is possible, so we explain the potential for these changes to our customers.

Our efforts have been highly evaluated, and in the 2004 fiscal year, we received the Osaka Environmental Prize Honorable Mention from the Osaka Prefectural Citizens Committee for Creation of an Abundant Environment, a group that is chaired by the Osaka Prefectural Governor.

Environmental toilets

Two types of environmental toilets are used for their merits in different application situations. Evaporation toilets dry and break down human waste to minimize the remnants, while flush water recycling equipment purifies the water used to flush toilets for reuse. Both types of system contribute to the protection of the surrounding environment and water resources. Kanden L&A Co., Ltd., another Kansai Electric Power Group member also sells environmental toilets that are good for nature and people.

Evaporation toilets



Friendly Community Garden: Udono-no-Sato



Portulaca



Ultrasonic wave automatic cleaning equipment



Independent review

Kansai Electric Power has received independent review of environmental performance information in our CSR Report 2006 from Tohmatsu Environmental Research Institute Ltd. to assure confidence in our accuracy. In addition, we have expanded the extent of this review compared to the previous fiscal year.

(Items that have received independent review are indicated by this mark to the right.)

(TRANSLATION)

Mr. Shosuke Mori President and Directo July 31, 2006

Tohmatsu Environmental Res

Hiroshi Enoki, Representative Director

The Kansai Electric Power Co., Inc.

- Subject and Objective of Review We have performed a review of certain significant environmental information marked "REVIEWED"
- We have performed a review of certain significant environmental information marked "R&VIEWLED" stated in the "Kanasi Electric Power Group CSR Report 2006" ("CSR Report") prepared by The Kansai Electric Power Co., Inc ("Company"). The purpose of our review was to provide conclusions from an independent standpoint about whether such information marked "R&VIEWLED" in the "CSR Report" was accurately measured and calculated in accordance with calculation methods, etc. adopted by the Company and whether significant items were disclosed without omission, with reference to Environmental Reporting Guidelines 2003 (issued by the Ministry of Environment) and GRI 2002 Sustainability Reporting Guidelines. Our review commenced in FY2004. Accordingly, data and information prior to FY2004 are not

Independent Review Report

- subject to the scope of our review.
- 2. Responsibility of Management and Persons Reviewing the "CSR Report"
- The "CSR Report" is the responsibility of the Company's management. Our responsibility is to provide our conclusions with respect to the "CSR Report" from an independent standpoint.
- 3. Summary of Review

To obtain an adequate and valid standard of basis for providing limited assurance with respect to our provided conclusions, we performed our review with reference to the International Standard on Assurance Engagements (ISAE) 3000 (issued by the International Federation of Accountants in December 2003), Proposed Environmental Report Review Standard (issued by the Ministry of Environment in March 2004) and Environmental Information Review Practices Guidance (issued by Japan Environmental Information Review Association in January 2006).

- 4. Conclusions
- With respect to the significant environmental information marked "REVIEWED" stated in the "CSR Report", our review (idi not identify items which were acknowledged to not be accurately measured or calculated in accordance with calculation methods, etc. adopted by the Company, or any significant items acknowledged to be omitted from disclosure, with reference to Environmental Reporting Guidelines 2003 (issued by the Ministry of Environment) and GRI 2002 Sustainability Reporting Guidelines.
- 5. Special Interests

There are no interests between the Company and Tohmatsu Environmental Research Institute Ltd. or its engagement personnel, requiring disclosure based on the rules of The Japan Environmental Information Review Association.

Note:

Tohmatsu Environmental Research Institute Ltd. is a subsidiary company of Tohmatsu & Co., a member firm of the international public accounting firm of Deloitte Tohmatsu.



Independent review meeting

As part of our overall independent review, we received the following commentary about the results of our efforts as they relate to advice we received last year about areas that needed improvement.

Independent expert comments

- ① Regarding expansion of the extent of coverage of calculations related to the environment, along with undertaking new eco actions in group companies, you have worked to expand the extent of coverage and included environmental accounting calculations that encompass the data of group companies. In the future, I hope that you further expand the extent of coverage for main environmental performance items.
- ② Regarding environmental performance data calculation methods, you prepared an Eco Action Calculation Manual with unified rules in order to standardize calculation methods that had varied between some business places. However, application of the calculation rules varies in the details between some items, so the manual should be revised to prevent the occurrence of calculation method differences.
- ③ Regarding environmental performance data aggregation methods, you implemented a new environmental management information system in order to improve the accuracy of the data. In the future, by making functions that are useful for practical application and management even more effective, I expect improved data aggregation efficiency and accuracy.



Future Kansai Electric Power efforts

As our CSR efforts advance, we will expand the number of companies included in our data aggregation and publicly announce their environmental performance data.

In addition, we will unify the calculation rule details and investigate more efficient calculation methods for the environmental performance data that we are already making public.

Acquisition of EcoLeaf environmental label certification

Kansai Electric Power's main product, electric power (system electric power), has received EcoLeaf environmental label certification.

The EcoLeaf environmental label is an environmental labeling system that is operated by the Japan Environmental Management Association for Industry (JEMAI). This system uses third party verification of quantitative environmental data for the product lifecycle from the gathering of raw resources to disposal and recycling. In July 2003, Kansai Electric Power was the first business in the energy services field to receive this registered and publicly certified label. We will continue to use this label and build customer confidence through the display of this type of environmental information.



Pioneering Efforts to Protect the Environment

Evaluations of our efforts and reflection of the results in the next fiscal year

Evaluations of and opinions about our 2005 fiscal year efforts

Results of questionnaire given to non-employee stakeholders

In order to receive feedback to improve our future environmental communication efforts, we asked readers of Kanden e-Patio, Kansai Electric Power's email magazine, to complete a questionnaire about our environmental efforts.

Question 1: How much information about Kansai Electric Power's environmental efforts have you seen or heard so far?



Question 2: Do you know anything about the following Kansai Electric Power environmental efforts? (multiple responses allowed)

>	Through development and popularization of high efficiency machinery, such as Eco Cute, which uses atmospheric heat to warm water, we are decreasing customer CO_2 emissions by reducing their electricity use.	68.1%
	With a focus on nuclear power generation, which does not emit CO_2 , we are working comprehensively to stop global warming.	62.7%
	We are working to develop fuel cells and other new generation energy supply technologies.	32.3%
	We are pursuing efforts to contribute to the environment with people in our communities, including planting seedlings at public facilities and holding a symposium with the theme of environmental problems in June during environmental month.	20.4%
	To prevent global warming, we are developing technology for the separation and recovery of CO_2 in the smoke exhaust from thermal power stations.	19.2%
	We are making donations to the Kansai Green Power Fund and otherwise proactively supporting the popularization of new energies.	17.1%

About 60% of the questionnaire respondents stated that they had seen or heard information about Kansai Electric Power's environmental efforts. In addition, we learned that Eco Cute and other high efficiency machinery, as well as our efforts against global warming through nuclear power generation, were widely known. We will continue to advance our efforts to communicate about the environment with consideration of the perspectives of our customers.

An expert's opinion



MORISHITA Ken President, Eco-Management Institute

For your environmental management system, you have established a new Environmental Board below your CSR Promotion Council that is cooperating with the Group Environmental Management Committee to undertake Eco Actions, and efforts of the Kansai Electric Power Group as a whole are progressing. I hope that you also use things such as the Eco Action 21 certification acquired by the Hokusetsu Sales Office to promote and expand environmental management and information disclosure as the base of your activities.

Regarding your efforts for the environment, you have incorporated building energy management, taking energy conservation measures in your new headquarters building, for example. Through the accumulation of diligent efforts, you are reducing environmental burdens from office activities and making other progress in the steady advancement of your New ERA Strategy. You are also making proactive efforts abroad. In China, Bhutan and other countries you are promoting natural energy to prevent global warming. I expect that you will strengthen and promote these efforts in Japan and abroad even more.

For the purpose of communication about the environment, you have prepared materials for environmental education and established the Kanden e-Kids Club as well as actively promoted the 100,000 Member Eco Family Movement. Your efforts in this area can be evaluated highly.

Overall, you are making steady progress in your efforts for the environment and I expect that you will continue these efforts in the future.

We considered the above opinions as we set our 2006 fiscal year policies.

Policies for the next fiscal year and beyond



Takanobu Hirayama Executive Officer Office of Environmental Considerations Director The Kansai Electric Power Co., Inc.

As an energy business, Kansai Electric Power's relationship with the environment is deep. We must fulfill various social responsibilities, including taking the lead in efforts to resolve environmental problems.

With the April 2005 creation of the Kyoto Protocol Target Achievement Plan by the Prime Minister's Cabinet, the revision of the Law concerning the Promotion of the Measures to Cope with Global Warming, and other developments, Japan's socioeconomic system is beginning a large transition toward the creation of a society that counteracts global warming. Kansai Electric Power's role in this change is to maintain the lowest level of CO₂ emissions factor among Japan's electric power companies and to take appropriate steps in response to the revision and enactment of various laws and regulations related to global warming prevention.

At the same time, we will tackle regional environmental problems, for example, taking suitable and effective measures for waste and PCB processing. We will also confront the asbestos problem and other new environmental problems as they arise swiftly and appropriately.

Furthermore, we will continue to undertake communication about the environment with our various stakeholders in order to promote understanding of Kansai Electric Power's leadership in environmental protection efforts.

Π

Actively Contributing to Regional Society

Topics

Protecting historical assets by inspecting electrical equipment at cultural heritage sites



Inspection of electrical equipment at Takenokuchi Hachiman Shrine (Sumoto City)

From power generation to power transmission and distribution, providing electricity stably to our customer is the basis for our business and is our unwavering mission. At Kansai Electric Power, we believe that in order to allow our customers to use the electricity that we provide comfortably, we need to achieve harmony with local communities and build relationships that are deeper than those developed by other types of business. For this reason, since the establishment of our business, we have undertaken numerous activities to contribute to society. We have also made customer service efforts to express our appreciation to the people of the communities where we operate. As a result, we have built even stronger ties with them at all of our business places.

For example, during our Customer Appreciation Month every November, we make companywide efforts based on our sense of daily appreciation for the customers who use our electricity, and we conduct activities to serve people in our communities.

As one of our Customer Appreciation Month activities, we cooperate with local welfare-related agencies, fire stations and other community organizations to provide expert inspections of electrical equipment and fire alarms at public locations. We carefully check equipment at tourist destinations, Buddhist temples, Shinto shrines and other cultural heritage sites to confirm that there are no electrical leakages or problems with electrical wiring, even making simple repairs as necessary. We are putting our hearts into conducting these types of efforts to not only guarantee a stable supply of electricity, but also to allow our customers to use electricity with peace of mind. Kansai, the region where Kansai Electric Power's business enterprise activities are based, has numerous cultural heritages that are historically important for Japan as a nation. The chief priest of a shrine where Kansai Electric Power conducted electrical equipment inspections thanked us, saying, "In old buildings, electrical leakages are the most frightening thing. I feel relieved thanks to these inspections." Moreover, in addition to cultural heritage sites, we are also conducting electrical equipment examinations in the same manner at the homes of elderly who live alone, social welfare facilities and similar locations.

As one member of local communities, we are making efforts day and night to contribute to society through activities such as these that make use of Kansai Electric Power's skills.



Electrical leak inspection

Efforts to attract businesses for the vitalization of the Kansai region







Construction of a new Matsushita Plasma Display Panel factory on the site of a decommissioned Kansai Electric Power station

▲ (Top) PR tools to attract businesses (Bottom) Library at our headquarters building

Efforts to attract businesses to promote regional vitalization

Since the 2000 fiscal year, Kansai Electric Power has been cooperating with local governments and business communities in efforts to promote economic growth in the areas where we operate by attracting new businesses.

Since local governments lead efforts to attract business, at Kansai Electric Power we endeavor to support their efforts in a backstage role as a business rooted in the region. For example, we act as a bridge builder between local governments and businesses that are investigating new locations. We also conduct public relations efforts and other activities to promote the merits of the Kansai region and attract the attention of businesses that are considering facility investments.

Attraction of a new Matsushita plasma display factory

As a result of these types of efforts, Matsushita Plasma Display Panel Co., a joint venture established by Matsushita Electric Industrial Co., Ltd. and Toray Industries Inc., announced on May 2004 that they would locate a new factory for plasma display panels on the site of Kansai Electric Power's decommissioned Amagasaki Number 3 Power Station. This plant began operation in September 2005. Then, in January 2006, they announced that they would build another new factory, which will be the largest of its kind, on an adjacent site. They are advancing the construction of this plant with the goal of starting operation in July 2007. The one-stop swift approval procedures and otherwise flexible handling by the Hyogo Prefecture and Amagasaki City governments was evaluated positively and was a large factor in successfully attracting the local placement of these new factories. These large state-of-the-art factories harmonize beautifully in the Amagasaki City coastal zone, an area that is being renewed according to concepts outlined in the Amagasaki Forest Plan for the 21st Century.

Future efforts

The Kansai economy is returning to health with a growing accumulation of industries and increasing production, due in particular to the revival of factories in Kansai and the growth of the digital consumer electronics industry.

In the future, we will utilize our expertise of the Kansai Electric Power Group fully and we will focus on investment attraction activities based on solutions to businesses needs in order to continue helping with the vitalization of the region.

Interview

Amagasaki City is one of Japan's leading industrial cities, but it has been stagnant economically in recent years. In order to promote revitalization, we have been focusing our energy on attracting advanced technology manufacturing and other businesses to our city, particularly to the area near the coast. We have realized the location of a new Matsushita plasma display panel factory at the site of the decommissioned Amagasaki Number 3 Power Station. In addition to the high evaluation of the potential of our city as an industrial city, I believe that the long-term ongoing cooperation between Kansai Electric Power, Hyogo Prefecture, and our city in attracting businesses also contributed to our success.

As a result, various ripple effects on the regional economy are now occurring, including new employment and the expansion of related businesses. In the future, in close cooperation with your company, we will enhance the appeal of our location advantages and focus on providing one-stop location approvals as a basic stance in our efforts to build more local industrial vitality.



Tsuyoshi Iwata Amagasaki City Industry and Economy Bureau Chief

Actively Contributing to Regional Society

Contributions to society as a corporate citizen

As an enterprise with deep connections to communities and individual lifestyles, we are actively contributing to regional society.

Support for people with disabilities

Kanden Collabo Art 21

Kanden Collabo Art 21, an event that is representative of Kansai Electric Power's efforts to contribute to society, is a series of exhibitions that accepts submissions of art created by disabled people from the public. In this collaborative project that connects businesses and society through art, we cooperate with the Tanpopo-no-ye Foundation, a group that has deep experience with the art of disabled people. Together, we accept submissions from throughout Kansai, select works for awards, and hold public exhibitions. Every year we receive over 600 outstanding submissions. In the 2005 fiscal year, the 5th year that we have held this event, we held exhibitions at seven locations throughout Kansai and Wakasa in order to allow more people to directly experience art created by disabled people.





"Ghost" by Ayumi Shimatani Winner of the 2005 Grand Prize



Award ceremony

Kanden Kagayaki Festival

We have held this concert-style social welfare event that includes musical performances and other events by people with disabilities since 1995 with the goal of realizing a society where all people, including the disabled, can live in harmony.

Since 1999, we have made this a main stage event at Citizen Festival in Osaka, a public event that draws about 70,000 people each year. This festival is a good opportunity to meet and interact with numerous nonprofit and nongovernmental organizations, government agencies, labor unions and businesses at the same time.



Kanden Kagayaki Festival

Sports

Supporting student American football with the Kanden Flashbowl Series

In order to support student American football in Kansai, we have been sponsoring the Kanden Flashbowl Series of regular season games every spring and fall since 1988.



Kanden Flashbowl Series

Arts and culture

Classical concerts

Since 1998, we have been holding classical concerts with an emphasis on local Kansai musicians at our headquarters, at all our branches and at other locations.



2006 Kanden classical special: An Invitation to the Opera

Volunteer

Support for employee volunteer activities

We support the desires of our individual employees to contribute to society through volunteer activities.

In addition to offering volunteer time-off, a matching gift program and other support policies, we provide information to our employees through in-house publications to raise their desire to participate in volunteer activities.

Support system for volunteer activities

Volunteer time-off use results (Fiscal 2005) 116 instances totaling 209.5 days

This system recognizes activities that contribute to society and meet fixed conditions, allowing employees that participate in them to take 50–100% of the time taken for them, within an annual limit, as specially recognized time-off.

Matching and gift fund results (Fiscal 2005) 5 instances totaling 320,000 yen

With this system, the company supports contributions within a set limit to public organizations that meet fixed requirements made by individual employees and collected through workplace fund-raising activities.



In-house publication: Kansai Electric Power News

Efforts at each business place

At every one of our business places including branches, sales offices, electric power facilities, power stations, etc., we are supporting the implementation of community events, including cleanup efforts, planting, and sports tournaments, as well as participating in many other activities that are rooted in the local communities.

Illuminated messages on the Kobe Kanden Building (Kobe Branch)

January 17, 2005 was the 10th anniversary of the Great Hanshin-Awaji Earthquake Disaster. To commemorate this tradedy, the Great Hanshin-Awaji Earthquake Disaster 1.17 Gathering was held in Higashi Yuenchi Park, which is adjacent to the Kobe Kanden Building. To express our solidarity with the feelings and motivations of the participants, we presented the illuminated message "1.17" on the side of our Kobe Branch office building. a tower that is a local landmark.

As a business that is deeply linked to Kobe. we have presented other timely illuminated messages since this event to further build our connection with the people of the city.









Airplane (opening of Kobe Airport)

Employee volunteer activities (Headquarters, Osaka Kita Branch and Osaka Minami Branch)

Kanden Kagayaki Festival

At the Kanden Kagayaki Festival, a social welfare event held every fall, our employees participate as implementation volunteers, and help in other ways, including acting as wheelchair assistants at the station closest to the event site, providing event site guidance and main stage security, helping with event site cleanup and cooperating in attractions organized by other groups. Employees who participated made comments such as, "It was a fulfilling day." Through these volunteer activities, our employees deepened communication with the staff of other groups and visitors to the event.



Wheelchair assistants at a nearby station

2005 fiscal year results

O Date and time of event: October 23, 2005 (Sunday), 10 am to 4 pm

O Location: Osaka Castle Park Taiyo-no-Hiroba playing field

O Number of volunteer participants: 44



Event site cleanup (garbage separation)

Visiting social welfare facilities (Hanshin Sales Office and Sanda Sales Office)







Certificate of appreciation from the facility

At the Hanshin Sales Office and Sanda Sales Office, we voluntarily participate in a Christmas party held at a local community welfare facility.

In addition, we conduct fundraising efforts in our sales offices and with the collected funds and the company's matching gift, we give Christmas presents to the people at the facility.

Their happy faces make me think, "I am going to do this again next year!"

Motivated by the feeling that we wanted to help the community, we began to participate voluntarily in mochi rice cake making events at the Tannan Seimei En welfare facility in 1999. Currently, we are participating in the Christmas party that has become an annual custom at this facility. Every December, we start to worry, "What can we do to make it a good time this year?" On the day, though, when I see their eager waiting faces, I think, "I am going to do this again next year!" With the cooperation of the sales office staff, I want to continue to have valuable exchanges with other people in the community.



Mihoko Higashiura Director's Office Hanshin Sales Office

Interaction with communities in environmental beautification efforts (every business place)

facilities and other locations.

We conduct cleaning and planting activities to beautify the environments of the surrounding communities at every one of our business places.

We cooperate with numerous local groups, beginning with the local governments and neighborhood councils that administer areas around our business places, in widespread cleaning activities at sightseeing spots, beaches, rivers, public welfare



River cleanup near our Sales Office (Maizuru Sales Office)

Sweet potato planting and autumn harvest events for neighborhood kindergarteners (Kobe Operation and Maintenance Office)

Haraido Beach cleaning (Gobo Power Station)

Daisuke Kuge Director's Office, Kujo Sales Office

The feeling of refreshment after we are done cleaning is great" At our Kujo Sales Office, we have been participating in the Dust Busters cleaning volunteer group during the Tenjin Festival since 1994. The Tenjin Festival, famous as one of Japan's three largest festivals, is a lively summer event. Behind the scenes of this festival, the Dust Busters pick up garbage in the Tenmangu neighborhood of Osaka and handle the work of setting up and recovering garbage cans on the



particularly hard work, but the feeling of refreshment after we are done cleaning is great. In addition, the chance to interact with the other Dust Busters, including staff from other businesses

and student volunteers, while cleaning is an attractive part of this activity.

Participation in the Toyooka Dance (Willow Festival) (Toyooka Sales Office, Himeji Operation and Maintenance Office and group companies)

The Toyooka Willow Festival held in Toyooka City reaches its climax on the eve of August 1 every year with the Toyooka Dance, the main event of the festival. About 70 Kanden employees from our Toyooka Sales Office, our Himeji Operation and Maintenance Office and our group companies participate as the Waku Waku Dance Troupe. Their enthusiastic dancing in a large formation also contributes to Kansai Electric Power's good public relations.







Inspection and cleaning of crime prevention lights in a school zone (Shiga Sales Office)



In addition, we distribute flower seeds and plant seedlings and conduct planting activities at public facilities and elsewhere.

We also conduct other activities to deepen exchange, including

inviting local kindergarteners to Kansai Electric Power business

places to harvest sweet potatoes that were grown on site.

Cleaning of a bronze statue at Unazuki Hot Springs Spa (Kurobegawa Electric Power Systems Center)



Releasing young fish (Tokai District Office)



Intersection cleaning near

and Wakavama

Sales Office)

Planting activity with elementary school students (Nara Sales Office)

Evaluations of our efforts and reflection of the results in the next fiscal year

Evaluations of and opinions about our 2005 fiscal year efforts

Employee awareness survey

- Every year we execute a survey of all employees to investigate their consciousness about harmony with the community and contribution to society.
- Participation in volunteer activities
 "In the last year, I have participated in volunteer activities either with the company or independently." 36.1%
- Desire to participate in volunteer activities
 "I want to participate if there is a volunteer activity that I am interested in." 73.0%
- Main requests from employees • Information about volunteer activities where participation is possible near their homes
- Information about company efforts to contribute to society (public relations)
- Talks about volunteer activity experiences
 Dispatch of instructors to teach
- Dispatch of instructors to teach about wheelchair assistance methods, the handling of seeingeye dogs, etc.

Even though nearly 3/4 of our employees expressed a desire to participate in volunteer activities, only about 1/3 actually participated in them in the last one year. We will consider the opinions and requests that we received through this questionnaire and review the contents of the information that we provide employees.

- **Customer evaluations and common opinions**
- Image of Kansai Electric Power's efforts to contribute to society (from the results of a customer questionnaire)
- "You are contributing to society" 80%
- "Dambo-no-Koe" feedback system

(a system for employees to collect the opinions of customers and communities and share them in-house)

Some representative opinions

- "Kansai Electric Power, including group companies, should not just pursue profit, it should contribute more to society and make more efforts for public welfare."
- "I want you to deepen your roots in the community more and be a business that exists in harmony with the region."

Starting with Kanden Collabo Art 21, our exhibition of works created and submitted by disabled people, we will continue our efforts to promote interaction with communities and to contribute to society, and we will make active public relations efforts, including in-house communications, in order to show our face to the regions where we operate.

An expert's opinion



Noboru Hayase Director and Head of the Secretariat Osaka Voluntary Action Center Social Welfare Corporation

In the 2005 fiscal year, Kansai Electric Power's total number of activities directed toward contributing to society increased. For example, the Kanden Collabo Art 21 exhibition series for artworks submitted by disabled people had 40 more submissions, a public exhibition period that was 2 days longer and a daily attendance rate that was 20% higher compared to the previous fiscal year. Furthermore, among other advances in enhancing the content of this program, you added a touring exhibition throughout all Kansai's prefectures to public exhibitions in Osaka City, resulting in triple the total number of attendees.

Moreover, I have heard that recently labor and management are cooperating in efforts to make business places and vehicles, as well as employee residences, into safe havens for children as part of the 110-ban movement. You can use your strengths as an enterprise that pursues business throughout the Kansai region to spread these efforts to make towns safer and more secure.

In the future, I expect that Kansai Electric Power will further develop systems that will enable your individual employees to participate even more actively in voluntary citizen activities.

We cosidered the above opinions as we set our 2006 fiscal year policies.

Policies for the next fiscal year and beyond



Tatsuya Kawabe Office of Community Relations Director The Kansai Electric Power Co., Inc.

At Kansai Electric Power, we wish to develop in step with the local communities where our businesses are rooted. Based on this idea of harmony with the communities where we operate, we are making diverse efforts, ranging from close-at-hand efforts, such as cooperating in the undertaking of local community events, to welfare for disabled people and regional cultural support.

By cooperating with the people in our communities, our efforts to contribute to society, starting with the Kanden Collabo Art 21 exhibition for works submitted by disabled people and our recent efforts to promote 110-ban safe havens for children, will help create even better local communities.

On the other hand, we also have support systems for the volunteer activities of Kansai Electric Power employees, including volunteer time-off and work leave systems and a matching gift program. By using these, our employees are pursuing all types of volunteer activities not only as businesses people, but also as members of society.

In the future, we will seek to further raise employee consciousness about contributing to society, and we will provide various information at every opportunity with this goal.

Topics

Opening unlimited possibilities at Kanden L-Heart Co., Inc.



At Kansai Electric Power, we have proactively tried to employ people with disabilities for many years. We sought to develop more diverse occupational possibilities that go beyond the framework of an electricity enterprise, however, in order to further increase employment opportunities for people with mental and severe physical disabilities who had not had many chances to work. On December 9, 1993, the International Day of Disabled Persons, with the cooperation of Osaka Prefecture and Osaka City, we established Kanden L-Heart, a joint publicprivate venture as a business place that employs numerous people with heavy disabilities.

At present, 96 employees with disabilities that include visual, hearing and language impairments, internal and external physical disabilities, and intellectual, psychological and developmental disabilities take the lead in the work here. These employees cooperate cheerfully and energetically in various work duties, including flower cultivation, printing, product wrapping, health massage, mail services, design and data services.

Furthermore, in the 2005 fiscal year, we also hired people with mental disorders in response to society's need for expanded employment opportunities for them.

We believe that we are achieving our desire to allow people with disabilities to increase their self-reliance and participation in society by working with a sense of purpose.

Since Kanden L-Heart's founding, over 40,000 people have visited its main business place in Suminoe Ward, Osaka City, with many guests touring the workplaces and purchasing seedlings.

"This work motivates me every day"

When I was about 23, I was unexpectedly diagnosed with pulmonary hypertension that resulted from unknown causes. This incurable disease can kill if it gets worse, so every day I woke up thinking, "I am still alive today." I chose to have a lung transplant, but I could not find a donor. When I finally found one after waiting three years, I shook and cried with joy. I was the first person in Japan to receive both lungs from a brain dead donor.

Now, at Kanden L-Heart, I take care of receiving and sending in-house communication mail and outgoing mail for the Kansai Electric Power headquarters and am responsible for directing the many mentally disabled people in the workplace. Since we handle important documents from customers, we put our hearts into doing our work properly. When I look back on the years when I was fighting my illness, I had no idea that I would now be responsible for this kind of work that motivates me every day. Through my work, I have also had the opportunity to meet many people. I have a very normal life, but I feel that this is really important. When I

got a job at this company, my lifestyle changed again. My disability is inconvenient, but now I do not feel like there is anything to regret in my life.

> Shiro Itagaki Business Assistance Center Kanden L-Heart



Respect for human rights

The Kansai Electric Power Group is working as an enterprise to deepen every employee's accurate understanding of human rights, while making efforts to become a business that does not tolerate any kind of discrimination or sexual harassment and to realize a discrimination-free society.

Promotional System

for Education on Discrimination

Committee chair

Committee chair representatives

Director

Kansai Electric Power Promotional Committee

Member from individual organization

Fundamental policy

As a company, we are aware of our social responsibilities, and we are endeavoring to resolve discrimination problems, starting with traditional caste discrimination, by deepening every employee's accurate understanding and awareness of human rights, building respect for these rights and creating positive workplace environments. In addition, we are striving actively to create a corporate culture that does not tolerate discrimination and to contribute to the realization of a society that is free from discrimination.

We are also endeavoring to understand the international consensus and standards regarding respect for human rights, and making thorough efforts to eradicate forced labor and child labor, as well as prevent sexual harassment and discrimination toward HIV carriers in workplaces.

Moreover, we will further deepen our cooperation with our group companies, support their awareness-raising activities and promote efforts to raise respect for human rights in the group as a whole.

Fiscal 2005 human rights awareness promotion efforts

In the 2005 fiscal year, we executed training activities for all employees to raise awareness about caste discrimination and human rights continuously, with 23,971 employees from all parts of the company participating.

In addition, we executed awareness-raising programs and other efforts to increase understanding and knowledge during Constitution Week and Human Rights Week.

During Human Rights Week, we invited the submission of human rights slogans, receiving 8,264 in the 2005 fiscal year. The in-house winner was "Deep injuries are caused by words, please be aware of the weight of words." We also held a human rights lecture on the theme, "Businesses and human rights in the era of globalization," and provided information on the portal site for our group companies.

Moreover, we promoted respect for human rights by conducting training for all of our company officers, including our President, and auditors with the theme, "An era of reform-business management and human rights" to make our top managers themselves aware of the newest information regarding respect for human rights.

At the same time, in order to further deepen cooperation with group companies, we held human rights information exchange meetings and conducted wide-ranging discussions about human rights awareness-raising and opinion exchanges about training materials.

In the 2006 fiscal year, we will continue to conduct various awareness-raising efforts.





Human rights information exchange meeting with group company staff

ecture

Discrimination and human rights training (fiscal 2006 plan)

Item	Details
Awareness-raising and training for all employees	Implement training for every employee at least once per year on a business place and job level basis. Use a variety of training methods to raise effectiveness.
Development of company human rights promotion leaders	Actively send employees to external training meetings to develop leaders who will promote training in the company.
Investigation of the status of human rights training	Determine the status of efforts, including those of committees for the promotion of education about caste discrimination, at every branch and affiliated company to identify various issues and investigate the situation with company-wide cooperation and support.
Constitution Week and Human Rights Week awareness-raising activities	As linked awareness-raising activities, conduct lectures, human rights slogan contests and other activities. Seek to raise awareness by making employees aware of these activities.
Reconsideration of past company practices	From the perspective of respect for human rights, reform daily company practices that should be improved and raise awareness.
Information-sharing, support and cooperation with Kansai Electric Power Group companies	To further raise human rights awareness among Group businesses, actively pursue information-sharing, support and cooperation.





Efforts related to safety and health

Employee safety and health maintenance are at the foundations of our existence as a business. Kansai Electric Power endeavors to create workplaces where employees can do their jobs safely and healthily.

Safety and health activity policies and plans

To create workplace environments where employees can do their jobs safely and healthily, we are striving to eliminate disasters and create invigorating workplaces that are healthy and energizing.

Specifically, we are setting our own original safety and health activity policies and plans, as well as undertaking voluntary efforts grounded in observance of the Industrial Safety and Health Law and other related laws and ordinances.

Fiscal 2005 and health a	5–2007 Kansai Electric Power safety activity policies Important measures
[Related to safety]	1. Revision of safety management foundations
	 Thorough safety efforts for partners and other companies
[Related to health]	Promote mental health and lifestyle-related illness measures

Group-wide safety efforts

We are conducting a wide range of safety activities in order to build a Kansai Electric Power Sphere of Safety that assures the safety of Group company and subcontractor employees, customers and every other person who has any relationship with Kansai Electric Power. Specifically, every year, we hold a Kansai Electric Power Sphere of Safety Promotion Meeting where we conduct information exchange and other efforts toward Group-wide disaster elimination.

Safety and health efforts

Accident prevention policies and education

To prevent accidents during the course of business execution, we are promoting events and education to improve working environments, including equipment safety improvement and safety awareness heightening. As a result, the accident frequency rate of Kansai Electric Power has remained at a level lower than the nationwide average. From now on, we will examine latent risks through risk evaluation methods and undertake other risk reduction activities to further enhance our disaster prevention efforts.

Accident frequency rate



* Accident frequency rate: Indicator of accident frequency widely used around the world that is calculated as the number of total accidents resulting in missed work per million working hours.

Accident severity rate



* Severity rate: Days of lost work due to accidents per 1,000 working hours.

Safety and Health Committee

Labor and management should be unified in the handling of issues related to safety and health. For this reason, we hold monthly Safety and Health Committee meetings to advance our discussions on creating safer, healthier workplace environments.

Interview

In order to maintain and improve the mental and physical health of every one of our employees, I believe that it is important to advise them so that they understand their own health conditions and make

their own efforts to improve their exercise, eating, sleeping and other lifestyle habits. For this reason, we provide guidance suited to each individual through health maintenance advising during regular health examinations and health consultations for employees who work long hours.

In addition, we are holding classes and other events to spread awareness of health management and emergency first-aid.



Izumi Maruyama Occupational physician for Kansai Electric Power

Human factor measures

After analyzing an accident, measures to prevent its recurrence are considered and carried out evenly throughout the Group. Furthermore, human factor training and other efforts are conducted at safety and health assemblies held periodically at every workplace.

Vehicle driver certification system

Among other thorough safe driving management measures, we have established a vehicle driver certification system and require employees who will drive company vehicles to undergo specific training and operation ability checks with periodic follow-up.

Promotion of mental healthcare

Increased stress in daily life and other factors make mental health maintenance important. Among other efforts, we are working to provide comprehensive education to deal with stress and have created an in-house counseling service.

Support of voluntary health activities

Concerned about hyperlipidemia, high blood pressure and other lifestyle related illnesses, we provide health guidance for improving exercise and eating habits, and support for employee initiated health efforts including quitting smoking.

Company-wide Safety and Health Conference

For the two months of July and August every year, as an effort to assure safety and health during the season of intense heat, we hold the Summer Safety and Health Promotion Drive. On July 1 (July 3 in 2006) every year, we hold a Company-wide Safety and Health Conference to make our purpose perfectly clear, to heighten safety and health awareness and to foster a sense of solidarity.



Company-wide Safety and Health Conference

Equal opportunity employment and creation of comfortable workplaces

While adhering to the expectations of related laws and regulations, the entire Kansai Electric Power Group is pursuing a variety of efforts with the goal of achieving the realization of fair and impartial employment and the creation of comfortable workplaces that suit individual abilities and aptitudes.

Promotion of hiring in compliance with the Equal Employment Opportunity Law

Through the entire work cycle from hiring to retirement, we conduct personnel deployment with no distinctions for gender. In particular, since the 1986 enactment of the Equal Employment Opportunity Law, we have been actively assigning female employees to equipment operation and maintenance work and otherwise expanding the range of work

Promotion of employment of older people

In 2001 we established the e-Staff System, a reemployment system for employees retiring at the age of 60. This system revised the previous retiree reemployment system created in 1996, greatly expanding the types of work so that energetic people older than 60 who still have a desire to work can enjoy fulfilling lives and use their knowledge and experience in our workplaces. Since creation of this new system, every year we have reemployed about 20 retirees.

Furthermore, we reviewed this system in April 2006 with the revision of the Law for the Stabilization of Employment of Older Persons, and are incrementally raising the retirement age to 65. In addition, we made arrangements so that older people can work with even greater enthusiasm and peace of mind. We are listening to the opinions of our employees as we make

for women.

With the revision of the same law in 1999, we consulted with our female employees and worked to create employment environments where female employees can fully use their abilities. We will continue to promote the use of human resources without distinction between men and women.

these changes in order to engage older people in an even greater variety of work duties and allow them to make even more effective use of their knowledge and experience. In the future, we will continue to proactively promote the activity of older people in our business as we prepare for an increasingly older society.

Overview of the e-staff system

People covered	People who seek reemployment after retiring at age limit (all staff as a rule)
Work undertaken	Set broadly including work duties undertaken before retirement at the age limit
Form of labor	Part-time work and other forms set flexibly according to the desire of each individual
Employment age limit	Increase incrementally according to legal requirements (in this fiscal year the retirement age was 63

Promotion of the employment of people with disabilities

As part of our efforts for the continuous employment of people with disabilities, we established Kanden L-Heart, a special affiliate company, where we have actively employed disabled people for many years. Our employment rate for disabled people was 2.03% in June 2006, exceeding the legally required employment rate of 1.8% again. In the future, with the goal of increasing their independence and participation in society, we will do everything to promote the employment of people with disabilities.

Stance toward personnel vitalization systems

Increasing enthusiasm and satisfaction at work

The continuation of strong business operation foundations that put safety assurance first and the responsibility for efforts to create customer value depend on every individual employee.

In order to increase the enthusiasm and satisfaction of every employee at work, we are making efforts in three areas: promotion of human resources management that allows employees to make maximum use of their abilities, realization of arrangements that suit the diverse values and lifestyles of employees, and creation of structures that allow employees to work with peace of mind.

For example, in April 2006, we reviewed our evaluation system, which had been based on the measurement of results. Through extensive communication with employees at each workplace, we adopted a new evaluation system that clearly considers teamwork activities and other work duties for which the setting of targets is difficult as well as processes, not just numerical results.

In addition to making this new evaluation system take root, we will pursue further investigations to improve our personnel and wage systems so that every one of our employees can undertake their work duties with even more enthusiasm and motivation. Change in the rate of employment of disabled people



• Cultivation of personnel

We recognize that employees themselves are the forces that make possible the future growth of the Kansai Electric Power Group, so we are actively implementing training and other support efforts that enable the growth of all our employees.

Specifically, we are steadily providing education suited to every specialized field and level of ability in order to help employees develop the specialized knowledge and work skills that they need to execute their duties reliably with assurance of safety as the highest priority. In addition, we are making continuous efforts to cultivate corporate social responsibility and ethics awareness through group training and onsite workplace guidance.

Furthermore, we have extensive measures to support individual employees who desire to increase their knowledge and skills, and we continue to expand study opportunities. For example, using days off and other occasions, we provide Challenge Training Courses that employees can attend according to their desires and motivations. We are also actively promoting Kanden e-learning, a remote study system that allows employees to study freely at their workplaces and homes.

60

Support for lifestyle choices

Diverse working time systems

In order to support flexible lifestyles, we are operating existing working hour and time-off systems adaptably while implementing new ones, including the Refresh Time-off and Flexible Time-off long-term time-off systems and the Selective Working Hour and Flextime Working Hour systems to promote efficient work.

Furthermore, to help support family lifestyles with greater flexibility and peace of mind, we have established systems for half-day time-off, sick-leave time-off accumulation and time-off to take care of sick children.

In the future, we will continue to support employee work and lifestyles through adoption and application of working time systems that suit work conditions.

Introduction of a "cafeteria" plan

In October 2005, we introduced a "cafeteria" plan that allows employees to choose the support services that they need. This plan allows us to achieve goals that include responding to the diversification of employee needs and increasing their independence.

Through this plan, employees can choose services as they need and receive support by selecting from a varied "menu" that includes options oriented for childcare, nursing, health, self education and leisure. We will continue to review this menu as occasion calls and provide support according to the needs of employees.

Retirement options and job change support systems

With the goal of supporting the diverse life designs of all our employees, in 1996 we established a retirement age selection system, and now we allow any employee over the age of 45 to choose retirement.

Furthermore, in 2001 we established a job change support system to encourage employee self-reliance and company vitalization. We support employees over the age of 30 who want to change to other job types.

Support for childcare and nursing

As a measure to support both work and households, we provide a diverse variety of options to meet employee needs, including a temporary leave system for child-raising and nursing care leaves that can be used for up to 3 years, exceeding the standards of the Family and Medical Leave Act.

In the 2005 fiscal year, we initiated the f-staff system for the reemployment of employees who retired for childcare and childbirth purposes, and already about 20 people who had high motivation to work have used this system. In addition, through the use of employees from temporary agencies, we are able to assure substitute personnel for employees who take leave for childcare and nursing. In the future, we will continue to try our best to understand employee needs accurately and to support child-raising and nursing care.

Child-raising and caretaking support systems

	Our system	Legal requirements
Child-raising temporary leave system	Until the end of the fiscal year when the child turns 3	Until the child is the age of 1*
Caretaking temporary leave system	3 years from the date of the start of the caretaking (Can be used until 93 days total are used even after 3 years)	Total 93 days
* Can be extended an additional 6 months under special circumstances		

ed an additional 6 months under special circum

Overview of the f-staff system

People covered	People who retired after 5 years of continuous service for reasons of pregnancy, childbirth or childcare, have ability and aptitude and can be expected to contribute to increasing company productivity
Work undertaken	Work duties are set individually in consideration of the desires and aptitudes of each former employee who is reemployed so that person can make use of accumulated knowledge and experience and contribute to increasing company productivity
Form of labor	Part time work and other arrangements set flexibly according to the desire of each individual

Maintenance of stable labor and management relations

Kansai Electric Power has concluded union shop agreements with the Kansai Electric Power Labor Union, and we have built over 50 years of history of labor and management working toward the shared goal of improving company productivity accompanied by improving labor conditions. We have built good labor and management relations based on a strong relationship of trust.

In order to maintain this good labor and management relationship, we will hold operation confabulations about company management plans and other topics among other efforts to promote mutual understanding and agreement between labor and management.

In the future, we will make our communication with the labor union even more thorough on a variety of management issues.

Main opportunities for communication between labor and management

Operation confabulation	Promote mutual understanding between labor and management about the company management plan etc. (held annually)
Operation discussion	Consultation between labor and management about organizational reform and other important issues (held as necessary)

Evaluations of our efforts and reflection of the results in the next fiscal year

Evaluations of and opinions about our 2005 fiscal year efforts

Results of a human rights questionnaire survey

In March 2005, we conducted a questionnaire survey of all employees on the topic of human rights issues. Based on the results of this questionnaire, we have been investigating concrete efforts to raise employee respect for human rights.

Question 1: What do you think about businesses making efforts to deal with human rights problems?



Question 2: Please choose the types of training related to caste discrimination and human rights that most interest you (multiple responses allowed).



An expert's opinion



Yasuko Okada Representative Director and President CuoreC³ Co., Ltd.

With the execution of training about traditional caste discrimination and human rights for all employees, efforts during Human Rights Week, training for company officers, information and opinion exchanges with group companies and other energetic efforts for human rights education, I sense that the Kansai Electric Power Group has a high awareness of its corporate social responsibilities (CSR). However, what is crucial in efforts related to CSR and human rights is that they are not allowed to end with only superficial results.

For this reason, it is important that efforts are made so that every individual employee comprehends the issues of respect for human rights and thorough legal compliance as their own problems. Rather than thinking, "These problems have nothing to do with me," or "These are problems that the company should deal with," they should be asking themselves questions like, "Am I doing something about them?" "Is there anything that I should be ashamed of?" Workplaces that are easy to work in are not something that the business provides, but something that employees should individually think of as their own responsibility and as their own task to create. Mutually respecting the feelings and thoughts that others have as people and creating open workplace climates where people can speak freely about these things could be said to be the beginning of achieving this.

We considered the above opinions as we set our 2006 fiscal year policies.

Policies for the next fiscal year and beyond



Jiroh Kagawa Executive Officer Office of Human Resource Development Director The Kansai Electric Power Co., Inc.

Last year when we spoke with Ms. Okada, she advised that, "Everyone in the workplace must respect the human rights of the others." In order to continue deepening every employee's accurate understanding of human rights, we sought to have every employee participate in human rights training at least once in the 2005 fiscal year. As a result of awareness-raising training efforts at every workplace, we achieved this goal with employees averaging 1.2 trainings per year. In consideration of Ms. Okada's suggestions this year, we will not only consider the average number of trainings in the 2006 fiscal year, but will also continue to have every employee participate. In addition, to achieve trainings that are both easier to understand and that have greater impacts on the participants, we will investigate their formats and use various methods to execute training effectively.

Furthermore, regarding the issue of safety, our disaster frequency rate has remained at a low level compared to the national average, but in recent years, we have seen this rate tend to increase. Considering the repeat occurrence of similar types of accidents, we will make efforts to further improve the level of awareness about safety of the people concerned.

Moreover, we will seek to increase employee enthusiasm and motivation, from the perspective of enhancing our systems for supporting diverse lifestyles, we incorporated a "cafeteria plan" for employee welfare, and created systems for reemployment of people who retired for childcare purposes in the 2005 fiscal year. We will continue to create environments that allow every employee to take on new challenges with vigor and feel enthusiasm and motivation for their work in the 2006 fiscal year.

Topics

Conveying the importance of energy to the children who will be responsible for our society in the future—school visit



Energy classroom school visit

As one member of society, Kansai Electric Power should also fulfill the role of helping the customers who use the energy that we produce understand what energy is and that it is a valuable limited resource.

In particular, we believe that it is very important that we let children, who will bear the responsibility for the future of Japan, experience energy close-at-hand and that we convey its importance to them.

For this reason, Kansai Electric Power employees are making educational school visits in which they teach lessons about energy at elementary and junior high schools.

At these educational school visits, we explain the basic processes for power generation and the means of conveying electricity. We also discuss electricity use methods, energy conservation and environmental considerations. With the goal of making the students have fun learning about energy during these lessons, we explain electric power using power generation experiment kits. These experiment sets include a hand-cranked power generator that can be used to power a light bulb and a kettle with a steam turbine that actually generates power.

We continue these efforts with the hope that children will learn the value of energy through these educational school visits and that, after becoming aware of related problems, they will be able to make good judgments in the future when choosing energy.

We are also cooperating actively with various other energy education projects.

Main projects that we support

- Kansai Junior High School Student Research Report Contest on the theme of the environment and energy (sponsored by Mainichi Newspapers and other companies)
- Energy Resources and Electricity, a set of study materials on the environment and energy for older elementary school students (prepared by the Energy Education Research Association)

Creating opportunities for children to think about energy

We began educational school visits to teach about energy at the schools in the region in 1993 because we wanted the children who will carry our society into the future to understand the importance of energy. Since then, we have made texts and tools ourselves and, through trial and error, have tried to answer the questions, "What kinds of lessons interest children?" and "How is our style of presentation?" I believe that when children say, "Electricity is important!" or, "I am going to save energy from now on!" that we have taken the first step toward solving energy and environmental problems. Even adults feel that energy problems are complicated, but we do this with the hope that we will provide an opportunity for children to take interests in them from various angles and think about them for themselves.



Kazuo Mizutani Chief Clerk Minami Osaka Customers Center (Formerly Chief Clerk of the Director's Office) Minami Osaka Sales Office





Exchange between communities where electricity is produced and where it is consumed



Kanden Kid's Summit

Cooperation in exchange meetings between people from an electricity producing region (Fukui) and consuming regions (Osaka etc.)

We support exchange meetings such as those held between the Women's Energy Group in Fukui, an organization of female opinion leaders in a region where we produce electricity, and the Elle Group, female opinion leaders from an energy consuming region. Through the participation of Kansai Electric Power employees and other support, we are actively supporting these exchange meetings that deepen mutual understanding

Kansai Nuclear Power Information Net Surfing

Kansai Electric Power and other nuclear power related businesses, universities and groups in Kansai cooperatively established a Kansai nuclear power information Internet site in October 2000 in order to promote accurate understanding of nuclear power by the public. Using the facilities and human resources of each organization, we are actively distributing information as a means to increase understanding of nuclear power.

Other participating organizations

Kinki University, Kyoto University, Mitsubishi Heavy Industries, Nuclear Fuel Industries, Ltd., Mitsubishi Electric, Kansai Atomic Conference

Implementation of nuclear power study tours

In keeping with the saying, "A picture is worth a thousand words," we conduct study tours of power stations and other nuclear power related facilities in order to allow our customers to physically visit the regions where electricity is produced and learn about its generation. We had about 36,000 participants in the 2005 fiscal year, and we invite anyone who is interested in taking one of these tours to contact their nearest Kansai Electric Power Sales Office.

about nuclear power and future energy problems.

In addition, we hold the Kanden Kid's Summit for exchange between children of electricity producing and consuming regions so that they can learn about the characteristics of each other's regions and electricity through experiential education, power station tours and other activities.

Some main activities

- Collaborative planning and execution of nuclear power public relations efforts
 - Naruhodo Nuclear Power exhibit at Kinki University
 - Public study tours of the Kumatori Works of Nuclear Fuel Industries, Ltd.
 - Public opening of the Kyoto University Research Reactor Institute
 - Mitsubishi Shinsen Summer School
 - Nuclear power study group for women
- Provision of information about nuclear power through web sites and pamphlets



Nuclear Technology and Education Center study tour

${f V}~$ Transparent, Open Business Activities

Diverse opportunities for communication

Customers



Providing information with a public relations magazine and an email magazine

We are using mass media to create a new business image and provide information about how the business activities of the entire Kansai Electric Power Group serve customers and support their lifestyles.

Furthermore, in addition to Watt, our regularly issued public relations magazine that covers topics about lifestyles and communities and introduces Kansai Electric Power business activities, we also deliver an email magazine called Insight: Keywords for Understanding the Times to opinion leaders.



Watt public relations magazine



Communication at every business place

We are actively promoting communication with local customers at all our business sites in order to deepen their understanding of our business activities and to hear their opinions so that we can reflect

them in efforts to improve our enterprise.

Branch offices, district offices and sales offices hold customer meetings. We invite local experts and opinion leaders to these meetings in order to deepen their understanding of Kansai Electric Power business activities and to listen to their opinions and requests related to every aspect of these activities.



Customer meeting



Household visit

Communication through an Internet members club

Kanden e-Patio, our Internet members club that started in July 2002, provides information about the Kansai Electric Power Group, useful lifestyle tips, events and other topics through an email magazine and a web site. The membership has grown to about 34,000, but we are still striving to provide swift and precise responses to member queries and requests made by email. We also appropriately reflect their opinions and the results of online questionnaire member surveys in our efforts to improve Kansai Electric Power business activities.

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Sharing customer opinions throughout the entire company

In the conduct of daily work duties, our employees interact with people in the local communities and receive various opinions and requests regarding Kansai Electric Power business activities. In order to make the most of all these ideas and use them to improve our enterprise, we use a feedback system called Dambo-no-Koe. The opinions collected in this system are not only provided to the divisions that are responsible for related work, they are also used in other ways. For example, they are organized by content and important information is conveyed to management as necessary.



To gain the understanding of people in our region for Kansai Electric Power's business activities and electricity generation efforts while increasing communication with local communities, we have built public relations facilities at power plants and elsewhere that are being used extensively by ordinary people.



El Mar Maizuru Maizuru Power Station public relations facility

Shareholders and investors

Company explanatory meetings and interaction with investors

Kansai Electric Power discloses information to our investors impartially and swiftly. We provide information to our institutional investors, individual investors, public groups and a wide range of other investors in Japan and overseas in response to various needs through the Kansai Electric Power web site and other means.

In addition, corporate officers, including the President, periodically execute company explanatory meetings with investors in Japan and abroad. At these meetings, managers themselves engage in active two-way communication with investors.



Company explanatory meeting about the 2006 fiscal year management plan

Investor relations tools for providing information

We create pamphlets that we also make available as downloads from our web site to provide our shareholders and investors with an overview of Kansai Electric Power business activities, our management targets, financial data and other information.





Annual report



Investor relations

Fact book



http://www.kepco.co.jp/english/ir/index.html

Media agencies

Information about Kansai Electric Power on television and in newspapers greatly influences customer understanding of our business and our corporate image. Kansai Electric Power actively provides information to

media agencies, including regular press conferences with the company president. In addition, we respond swiftly and appropriately to reporting requests from media agencies and disclose and communicate accurate information.



Press conference

Stakeholders

Kansai Electric Power web site

On our web site, we provide the contents of press conferences, messages from Kansai Electric Power and a variety of other information. We have also established an email inquiry desk and are actively advancing two-way communication with all our stakeholders.



CSR Report

Through this report, we introduce our Kansai Electric Power business activities and efforts to promote corporate social responsibility (CSR), and seek to deepen our readers' understanding of them.

In addition, through the questionnaires at the end of these reports, we receive diverse opinions that we use in our efforts to improve our business activities and corporate social responsibility efforts.



Evaluations of our efforts and reflection of the results in the next fiscal year

Evaluations of and opinions about our 2005 fiscal year efforts

Representative opinions from people outside our company

A teacher from a school where our staff made an educational visit

O During the educational school visit, we were able to learn about the importance of energy and its limitations through experiments and other activities. The children also became concerned about environmental problems and were able to think about their own lifestyles. It was really good!

People who participated in nuclear power facility study tours

- I toured the Nuclear Technology and Education Center, and learned an overview of the Mihama Power Station Unit 3 accident and Kansai Electric Power's efforts in response to it. In addition, I also learned that nuclear power generation is not as dangerous as I had thought.
- \bigcirc I was reminded that nuclear power stations are indispensable for the reduction of carbon dioxide emissions.

A person who participated in a lecture

○ No matter how minor the accident, I want you to make it public without trying to hide it. I want you to tell us in detail how you handle it.

Ashareholde

○I want you to arrange meetings and other opportunities to listen to shareholder opinions.

Customers

- You are actively proposing all-electric lifestyles in commercials and elsewhere, but nuclear power safety measures are not presented much in newspapers, and the explanations are difficult and hard to understand. I think you need to make more effort to explain this to the public. I think that by doing that you will become a business that people trust, and this will connect to the operation of your business.
- I expect you to continue providing various data and making your activities open and easy to understanding for ordinary people.

An expert's opinion



Makoto Hagiwara Business Ethics Research Center full-time instructor Public relations consultant

To achieve "business activities that are open and highly transparent," "commitment from the top" and "communication with society" are indispensable. In last year's CSR Report, your president wrote, "We do not simply want to explain the results of our activities. Our hope is to show you also how we achieved those results, as well as unfavorable outcomes and failures, what we learned from them, and how we intend to conduct reform." In keeping with this promise, you have proactively disclosed information, including about the Mihama Power Station accident, not only in these reports but also on your web site and through other means. I think you have done very well in this regard. In addition, considering the topic of "communication with society," I think your web site contents have become very thorough. Furthermore, your educational visits to elementary and junior high schools, exchange meetings with people from electricity producing and consuming regions and other direct dialogue activities are important efforts for earning trust from society.

Public relations consultant To further promote communication with society, however, I think you need to make more effort to provide information that answers the following questions. "What type of businesses group is the Kansai Electric Power Group trying to become?" "What types of employees are undertaking your work and activities to contribute to society and what kinds of awareness do they have?" An important task for the Kansai Electric Power Group is to communicate with society from a positive stance that shows the faces of the company and your employees even more.

We considered the above opinions as we set our 2006 fiscal year policies.

Policies for the next fiscal year and beyond



Tatsuya Kawabe Office of Community Relations Director The Kansai Electric Power Co., Inc.

In order to assure fairness in the operation of our business and fulfill faithfully our responsibilities to explain them to society, Kansai Electric Power conducts business activities with swift and accurate information disclosure as a fundamental stance.

Above all, to restore society's confidence in us, which was greatly damaged after the Mihama Power Station Unit 3 accident and a series of unfortunate incidents, we are steadily executing measures to prevent the recurrence of such accidents and widely publicizing the status of our efforts to society.

In addition, we are responding appropriately to the opinions and requests that we receive in our communications with members of society and using them to improve our work practices and enhance the operation of our enterprise as a whole.

We will continue to promote understanding of and restoration of confidence in atomic energy and Kansai Electric Power, and seek to be a business group that society chooses over others. To achieve this, we will work to make information public swiftly and accurately and conduct active communication efforts with the members of society.

Results of the CSR Report 2005 questionnaire

We received various opinions in responses to the questionnaire that we issued last year with our CSR Report 2005. We made use of these opinions to improve both this 2006 report and our business activities.

About the CSR Report 2005



Representative opinions about the report

- It is good that you have developed from an environmental report to a CSR report.
- Your coverage of the Mihama Power Station accident is commendable.
- You should follow up about the Mihama Power Station accident in the next fiscal year.
- I would like you to introduce your group companies and their efforts more.
- With lots of photographs and graphs, it was easy to look at.

Points that we have worked to improve

- Follow up for the Mihama Power Station accident We followed up on this topic in this report for the 2006 fiscal year by dedicating part of the first chapter to describing the status of execution of measures to prevent the recurrence of an accident like the one that happened at our Mihama Power Station, continuing our reporting from the previous year. Furthermore, we provide the most recent information and details about this subject on the Kansai Electric Power web site and elsewhere. (See "Maintaining safety is our company's mission" on pages 11–16.)
- Introduction of efforts according to the PDCA cycle

In every chapter we have introduced our efforts according to the PDCA cycle flow, and have worked to make flow from the plan to the policies of the next fiscal year easy to understand.

- Enhanced coverage of group company efforts
 We enhanced our coverage of group company business activities and efforts.
- Emphasis of information on key topics

In order to make important efforts and topics for each CSR Action Charter action principle easy to understand, we included them at the beginning of each chapter.

 Extensive use of photographs, graphs and figures and greater readability

We used numerous photographs and figures in every chapter and have worked to make the text easy to read. In addition, we have included many thoughts from employees and stakeholders and have tried to communicate the essence of our efforts vividly.

Evaluations and opinions about the efforts and business activities of the Kansai Electric Power Group



Representative opinions about the efforts of the Kansai Electric Power Group

- I want you to conduct thorough risk management.
- I want you to make thorough measures for safety and to prevent recurrence of an accident like that at the Mihama Power Station.
- I want you to conduct efforts for the environment continuously.
- I want you to be sincere in realizing "Thorough Compliance."

Topics that respondents found most interesting

1	Feature about the Mihama Nuclear Power Station Unit 3 Accident	
2	2 Our Mission and Duty to Provide Stable Power Supply	
	Efforts to Prevent Global Warming -2004 Highlights-	
	Safe and Stable Nuclear Power Generation	
3	Environmental Policy, Status Overview of Our Environmental Load, Targets and Results	
4	Communication about the Environment	
5	Contributions to Society as a Corporate Citizen	
	Responding to Community Environmental Issues	

Responses to these opinions

O Risk management

- We established the Risk Management Committee to conduct comprehensive management of the risks that accompany our business activities, and are striving to manage our risks at appropriate levels. (See "Corporate governance" on page 6.)
- Thorough measures for safety and to prevent recurrence of an accident like that at the Mihama Power Station
- We have pursued measures to prevent the recurrence of accidents as a company as a whole to this point. To rebuild a culture of safety, under the leadership of our President, we will continue to make the assurance of safety our highest priority as we execute further recurrence prevention measures and strive to make them even more thorough. (See "Maintaining safety is our company's mission" on pages 11–16.)
- Based on our environmental policies, we set Eco Action targets related to our environmental efforts again in the 2005 fiscal year and advanced activities to achieve them. We will continue to work proactively to move towards the creation of a society that does not cause global warming and to solve diverse environmental problems. Moreover, we will seek to take the perspective of our customers when we make efforts to communicate about the environment. (See "Pioneering Efforts to Protect the Environment" on pages 25–50.)
- Thorough compliance
 - Among our efforts, we sought to conduct trainings and make other arrangements to augment communication with frontline workplaces, increase the risk management abilities of each workplace and promote preventative measures. We will continue to strengthen practical legal risk management. (See "Thorough Compliance" on pages 69–74.)

Topics that respondents believe the Kansai Electric Power Group should focus efforts on more

- 1 Promotion of Information Security and Personal Data Protection
- 2 Safe and Stable Nuclear Power Generation
- 3 Communication about the Environment
 - Environmental Policy, Status Overview of Our Environmental Load, Targets and Results
- 5 Compliance Promotion of Autonomous Efforts in Each Workplace Working to Provide the Best Service
- Promotion of Business Activities Suitable for a Recycling-Oriented Society
 - Efforts to Reduce Radioactive Waste

In the future, we will continue to refer to the evaluations and opinions that we receive as we seek to improve our business activities even more. We will also continue to report the status of our efforts in our annual CSR reports, on our web site and through other means. **Fransparent, Open Business Activities**

Topics

Promotion of information security to prevent the repetition of past errors

In the 2005 fiscal year, there were multiple incidents of important information being leaked to the Internet from businesses through the file exchange software called Winny, thus, causing trouble for society. Most regrettably, our business information was also accidentally leaked during this year on three successive occasions due to the negligence of Kansai Electric Power and group company employees. As a result of failing to implement thorough information management, we lost a great amount of customer confidence as a business group. We are now working as a group, however, to prevent the recurrence of the same errors by thoroughly implementing appropriate information management.

> 2 File exchange software u personal computers at er

File exchange software

(Winny)

personal computers at employee residences and personal data exchanged over the Internet with an unspecified large number of

Internet

Overview of the information leak accidents

Privately owned personal computers in employee residences became infected with computer viruses, and business information that had been saved on those personal computers was leaked to the Internet via the Winny network. Due to these accidents, Kansai Electric Power, having failed as a business group to implement thorough information management, lost a great amount of customer confidence.

The three information leak accidents in this fiscal year all occurred in the same way.

Efforts to prevent recurrence

Learning from these accidents, at Kansai Electric Power, we executed the following emergency countermeasures.

Furthermore, to keep this problem from being forgotten, we are also promoting the long-term countermeasures listed below.

Emergency countermeasures

1. Deletion of business information from privatelyowned personal computers

We are distributing a manual on the deletion of business data from personal computers at employee residences to all employees of the Kansai Electric Power Group, and requiring the submission of check sheets with execution results, as well as confirming data deletion through interviews with supervisors.

2. Additional deployment of mobile computers

As tools for handling company business information outside of our work places, we are arranging the lending of mobile computers that are equipped with security countermeasures.

3. Raising awareness

We are explaining the causes of accidents to all employees and repeatedly issuing precautionary messages.

Long-term countermeasures

- 1. We have made clear in our corporate regulations that putting business information on privately-owned personal computers is prohibited.
- 2. We are also implementing the electronic file security system that we have incorporated at Kansai Electric Power at our group companies.
- 3. Thorough information management by business partners
 - Request for deletion of Kansai Electric Power business information from privately-owned computers
 - Clarification of confidentiality maintenance clauses in our contracts to assert that Kansai Electric Power business information shall not be handled on privately-owned computers
 - Strengthening of information management by business partners that handle important Kansai Electric Power information



Information leak process

③ Personal computer

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at employee residences infected with Winny viruses

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Overview of our electronic file security system (automatic encryption tools)

As a measure to prevent the leak of business information to outside the company, we have installed tools on all Kansai Electric Power computers that automatically encrypt electronic files that are taken out of the company by email or floppy disc. As a result, outsiders cannot decode the contents of these electronic files even if business information is leaked to outside the company by accident.

Furthermore, in order to allow electronic files to be used in environments outside the company, we have made arrangements to keep operation logs when specific operations are conducted to take files out.



Thorough Compliance

Thinking about compliance together: Frontline Workplace Compliance Promotion Staff Training

In order to implement thorough compliance throughout the company, risk management and precautionary measures at every workplace are necessary. For this reason, in the 2005 fiscal year, staff from our Compliance Committee Secretariat (Legal Department) directly visited all 82 of our frontline workplaces, including our sales offices and power stations, and conducted training that emphasized dialogue at each workplace for compliance promotion staff.

These trainings were not just one-way lectures, but included listening to the concerns, doubts, opinions and thoughts about issues at each workplace. The goal was to convey Kansai Electric Power's approach to compliance in a format that focused on solving problems together.



Training at the Takahama Power Station

Messages conveyed during training for compliance promotion staff at each frontline workplace

- Compliance efforts are not conducted simply out of idealism, they are one type of pragmatic risk management.
- Risk management through compliance is the foundation of our business efforts to prevent unfortunate incidents and accidents and to fulfill our corporate social responsibilities (CSR).
- In order to realize the practical effects of risk management through compliance, we must be aware that risk always exists in our business activities, analyze that risk, and take practical precautionary measures.
- Compliance efforts are not just the work of discipline committee members, and they are not the monitoring of employees. It is important that each individual becomes aware personally of problems and that we create an atmosphere where improprieties are not overlooked.
- A sincere approach is necessary since society has become even more critical of not only improprieties and accidents, but also of dishonest handling (lies and concealment) of such events.
- If an impropriety or accident occurs or is discovered, individuals must not try to cover it up or lie about it.
 Employees should not keep such incidents to themselves, but should take actions such as consulting with their superiors or the compliance consultation desk.

About receiving training

During training, we were able to have vigorous discussions with members of the Compliance Committee Secretariat and other promotion staff about our efforts and concerns regarding compliance. I was relieved to know that I was not the only one who was worried about these things, and I gained confidence in the direction of my efforts.

The message from the secretariat that "risk analysis is important" in this training also clarified what type of efforts we should make.

My workplace constantly handles personal information, and we frequently take it out of the office. If a single problem occurs at our workplace, society will judge that "Kansai Electric Power caused the problem," and we will lose not only customer confidence but also the confidence of other parts of the company.

Trust is lost in an instant, but it takes a great amount of time and labor to build. I want to manage the workplace every day as a whole with the goal of making each person constantly aware of this fact and conscious of the scale of the risks.



Noriko Tsujita Section manager Hanshin Customer Center Hanshin Sales Office

VI Thorough Compliance

Promotion of autonomous efforts in each workplace and implementation of training

In the 2005 fiscal year, we continued to promote autonomous efforts at every workplace, focusing on the compliance promotion staff appointed at each location. Furthermore, in order to realize activities that have practical effects, we conducted Frontline Workplace Compliance Promotion Staff Training (please see page 70) and e-learning for all employees.

Autonomous efforts at every workplace

In order to conduct well-grounded compliance promotion efforts and deepen the awareness of our individual employees, members of our compliance promotion staff have led the planning and execution of compliance activities at every workplace since the 2004 fiscal year.

In the 2005 fiscal year, we continued to review our work activities and make efforts to improve them in keeping with the company-wide theme of "neglect of discrepancies between rules and reality is unforgivable." Moreover, in order to decrease and manage compliance risks, employees at each workplace set a theme for their efforts and discussed topics that included what types of potential rules violations existed in their work and what types of measures would be effective to prevent them.

Training to sustain autonomous efforts

We continue to execute these types of grassroots compliance activities at each workplace and will not allow them to end merely as transient efforts in the future. However, compliance activities are liable to becoming formulaic and hollow. In addition, depending on the workplace, not all staff have necessarily participated in the planning and execution of compliance effort planning, for example, so we have begun to observe a slight difference in enthusiasm between the attitudes of the promotion staff and others towards these efforts.

In order to eliminate these kinds of problem and make the efforts conducted under the banner of "thorough compliance" not just rituals, but living, effective activities, we are conducting Frontline Workplace Compliance Promotion Staff Training. The goal of this training program, which we held at all 82 of our business places using a dialogue format, is to reconfirm a shared companywide fundamental awareness of "the goals of

Observance of the Anti-Monopoly Law

Our business environment has greatly changed, including the expansion of the extent of retail deregulation for electric power, and we are expected to conduct our business with even greater awareness of the Anti-Monopoly Law and implement fair competition practices.

So far, beginning with making our Anti-Monopoly Law Observance Manual, in March 1996, Kansai Electric Power have prepared an explanation of the Guidelines for Proper Electric Power Trade, which was created by the Fair Trade Commission and the Ministry of Economy, Trade and Industry. In addition to distributing these to every company site and

Preparation of educational tools for use in the workplace

In July 2004, we posted a collection of about 130 compliance case studies on our in-house intranet, and our compliance promotion staff has been using these in their education efforts at every workplace. However, about two years have passed since we prepared this collection, and we have heard opinions suggesting that we should enhance the quality and quantity of the examples. Therefore, in the 2006 fiscal year, we are improving our collection of compliance examples. Moreover, in the process of preparing these examples, we are uncovering compliance risks that exist in the work activities of each part of our business.

In addition, we prepared a Compliance Manual and distributed it to all employees in February 2003. This manual explains the

Examples of workplace themes for compliance efforts

- Protection of confidential information and personal information
- \bigcirc Precise management of after-hours labor
- \bigcirc Observance of industrial safety and health laws and regulations during work hours
- \bigcirc Observance of road transportation laws
- \bigcirc Observance of conduct regulations related to consigned supply (Electricity Utilities Industry Law)
- Observance processing manuals, procedures and other guidelines for all types of work duties

compliance efforts" and "the important points to keep in mind when undertaking compliance efforts." In addition, we conducted e-learning for all employees on the key points.



e-learning for all employees "Important points to keep in mind when undertaking compliance efforts"

making employees aware of them, we have also conducted training every year to deepen the understanding of our employees about this issue.

In the 2006 fiscal year, in addition to continuing to conduct training, we have updated our Anti-Monopoly Law Observance Manual in response to recent revisions to the Electricity Utilities Industry Law and the Guidelines for Appropriate Electric Power Transactions. We have also been making thorough efforts to ensure that every employee has accurate understanding of legal requirements and reflects this in the execution of their work.

minimum awareness about compliance necessary in the

execution of work duties in an easy to understand format. However, given the numerous recent revisions to laws and ordinances, we plan to prepare a better version with updates in the 2006 fiscal year.

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Compliance Manual
Expansion of efforts to promote compliance

At the Kansai Electric Power Group, we are promoting efforts for compliance group-wide. Our compliance consultation desks receive inquiries not only from group company employees, but also from business partner employees. These desks are also providing consultations about compliance to these business partners.

Expansion of the extent of coverage of our compliance consultation desks



In February 2003, we established compliance consultation desks at Kansai Electric Power as resources for employees who have concerns about compliance. Since then, these desks, which are both in-house (Office of General Administration (Legal Affairs)) and outside the company (legal offices), have opened a wide gate for consultations.

Efforts for impartial and fair materials procurement

Our Office of Purchasing has set "fair and impartial handling," "observance of laws and ordinances" and "establishment of relationships of trust" as its three action standards, and is seeking to procure high-quality goods and construction work at reasonable prices.

Furthermore, we are implementing policies based on these three action standards at each Kansai Electric Power Group company. Our Office of Purchasing will take a lead role in realizing even fairer, impartial procurement activities by the Kansai Electric Power Group as a whole.

Moreover, we make notifications about our materials procurement activities widely available on the Kansai Electric Power web site, and explain our stance to our business partners in our Contract Procedures Guide.



Originally, these desks only provided consultations to Kansai Electric Power employees, but, in June 2005, we expanded the access to these desks for consultations to include the Kansai Electric Power Group as a whole, so they now also handle issues faced by our group companies.

In addition, many of our group companies have also created their own in-house consultation desks and arranged systems to resolve their own problems autonomously.

Notification about access to compliance consultation desks to business partner employees

When the Whistleblower Protection Act came into effect on April 1, 2006, Kansai Electric Power had already established in-house regulations to protect the confidentiality of people who make reports and to eliminate retributions to them as part of our compliance consultation system. However, because this law also protects business partner employees who make reports, we expect that concern will rise about the reporting systems available to the employees of our business partners. For this reason, Kansai Electric Power is making our compliance consultation system known to our business partner employees and collecting risk information widely from them.

Concrete efforts in our materials procurement activities

At the Office of Purchasing, we are implementing supply chain management (SCM)* efforts as part of our materials procurement activities. Kansai Electric Power's SCM puts assurance of safety and quality as prerequisites for purchasing, and we reflect this in our daily materials procurement activities, while establishing relationships of trust through communication with our divisions and business partners. In this way, we are striving to achieve cost reductions and work efficiency in our activities in cooperation with our business partners.

At the Office of Purchasing, in order to keep the trust of our customers and local communities, we will continue to make quality assurance our highest priority as we conduct fair and impartial materials procurement activities.

* Supply chain management (SCM)

This administration and management method tracks the complete process of the business flow of raw materials from suppliers to final receivers, including manufacture, procurement, distribution, construction and conservation, overcoming barriers between businesses and organizations to optimize processes as a whole and eliminate waste.

Compliance activities at K-Opticom Corporation, a group company

At K-Opticom Corporation, in November 2004, we created compliance guidelines, established an in-house consultation desk and took other measures to create a system to promote compliance. We made several other efforts in the 2005 fiscal year to establish compliance. From July 2005, we also began use of the Kansai Electric Power Group Consultation Desks, and, in February 2006, we prepared a list of work duties that we must execute to fulfill legal and regulatory procedures.

In the 2006 fiscal year, in addition to continuing these activities, by taking measures to increase employee awareness, including the introduction of examples of compliance violations outside our company, we are actively promoting compliance efforts to prevent incidents and accidents and to raise the level of confidence in our businesses.



Masahide Yoshimoto General Affairs Team Manager General Affairs Group, Office of General Administration K-Opticom Corporation

V Thorough Compliance

Promotion of information security and personal data protection

At Kansai Electric Power, we have promoted a diverse range of countermeasures because we consider "achieving thorough and appropriate management of information" to be an important issue. In April 2005, the Personal Information Protection Law came into complete effect. Since then, we have continued our proactive efforts to meet the growing expectations of society. In addition, we are making efforts to prevent the recurrence of information leak accidents such as the ones that occurred via Winny file exchange software in the 2005 fiscal year. (Please see page 69 for further details.)

Promotion of information security management

As use of the Internet becomes more prevalent both inside and outside our business, we recognized that the chance of leakage and other risks to important in-house information, including customer data, was increasingly greatly. In October 2002, we established the Information Security Committee, which is chaired by the Business Innovation and Information Technology Division Chief, and have been advancing efforts to achieve thorough and appropriate information management. In order to promote effective, efficient security measures in the following four categories, we have been setting annual plans and evaluating their implementation status and progress.

Awareness of risks, which had been a main measure in the past, is not sufficient itself to prevent information leak accidents

completely. For this reason, in the 2005 fiscal year, we implemented an automatic encryption system for electronic files taken out of company locations, and began the implementation of measures that would prevent the deciphering of such files even if they are accidentally transmitted to the outside.

Categories of Information Security Committee measures

- ① Organizational measures
- (2) Education, training and other human measures
- 3 Physical measures related to document management and access to offices

Information security strengthening with IC card employee IDs

log

(4) Measures to reform and improve computer systems

Specific measures executed

- ① Organizational m
- Organizational measures
 Business Innovation and Information Technology Department Chief appointed as the Chief Privacy Officer (CPO)
 Assignment of information security managers to execute internal monitoring, including the appropriate disposal of confidential documents, careful management of passwords and other daily information handling tasks
- ·Creation of group company shared security response desks Human me
- Enhancement of awareness through new company employee training, officer training and other group training Training about personal information protection for all employees
- at least once per year Preparation of extensive education materials that use case
- studies
- 3) Physical measures
- Comparison measures Enhancement of secure management of important information through incorporation of office access management using IC cards (employee IDs etc.) at our new headquarters building, zoning of offices using partitions, and installation of additional shredders and storage furniture with locks (4) Technolog
- Authorization of personal computer use with IC cards (employee IDs etc.)
- Checking of use records for the customer information system by section heads to verify that it has not been used improperly
- Encryption of electronic data handled by employees
 Implementation of auditing function in files taken out of company locations



Manage everyday security observance conditions Periodically summarize status of information security and mine responses to weak spots and other measures in the nation Security Committee

Information security managers

We are carefully managing documents, floppy discs and other materials that contain important information in locked cabinets when we leave our offices

Application of the Personal Information Protection Law

More than a year has passed since March 2005 when we established corporate regulations, including our personal information protection regulations, in order to respond effectively to the complete implementation of the Personal Information Protection Law on April 1, 2005.

These regulations specify Kansai Electric Power's uses of personal information and set procedures and other requirements for responding to requests for personal information disclosure from outside the company. Since before the enforcement of this law, we have been conducting in-house training and other education for all company employees, including officers. We have also been preparing personal information handling manuals for related divisions and taking other measures to deepen in-house

Strengthening our group governance system

In order to make our observance of information security and appropriate personal information more thorough as a group as a whole, in December 2005, we increased the number of personnel in the full-time promotion team that we had established earlier in that year and took other measures to strengthen this system.

As a result of this, we have been able to execute guidance tours, status checks and other efforts that we have been making for affiliated companies even faster and with greater attention to detail.

awareness of these issues.

Moreover, in the 2005 fiscal year, in order to determine the degree to which these measures were being executed at frontline workplaces, including group companies, we went around every site to sample the extent of actual adoption.

As a result of this investigation, even though frontline workplaces were generally aware of the contents of the regulations, we found that there were gaps in the levels of awareness about handling details and other issues.

From now, we will strive to make our in-house rules for issues that are common corporate-wide take root by having every division and workplace prepare guidelines and by bringing the awareness levels of all frontline workplaces up to an equal standard.

In the future, we will continue to develop the information security system that we have created at Kansai Electric Power by building infrastructure that covers the group as a whole. We will also continue supporting education, internal auditing, providing related information and executing other security measures. Through these measures, we will work to further strengthen the information security of the Kansai Electric Power Group as a whole and align the conduct of our businesses even more with the intents of the Personal Information Protection Law.

Evaluations of our efforts and reflection of the results in the next fiscal year

Other

Evaluations of and opinions about our 2005 fiscal year efforts

Questionnaire of all employees

In order to evaluate the degree of effectiveness of our compliance efforts at Kansai Electric Power, every year we use our intranet to conduct an anonymous questionnaire of all employees. We received 15,265 replies (74.6% reply rate) to the questionnaire that we executed in January 2006.



An expert's opinion



Tadashi Kunihiro Lawyer T. Kunihiro & Co., Attorneys-at-Law

When people say compliance, there is a tendency to misunderstand it as being the forcing of rules and ethics by companies on their employees. However, I sense that at the Kansai Electric Power Group, you recognize that compliance is risk management for the business group and that realization of compliance is not something just for members of the discipline committee to pursue, but something that requires the raising of the awareness of individuals in the workplace. Furthermore, I think that your stance has been set out clearly regarding the importance of making compliance an integral part of CSR realization.

Even in this CSR Report, it is clear that the Kansai Electric Power Group is trying to move in the correct direction, but what is important is whether or not what is written in this report is put into practice. The issue from now is whether "grassroots compliance efforts" become part of the Kansai Electric Power Group's "common sense." In other words, will awareness of compliance permeate every corner of the workplace?

To achieve this, the group as a whole must continuously follow the plan-do-check-correct cycle. What is important in this process is that individual employees grasp the idea of compliance as something immediate and develop a sense that it is an issue and a risk in their own work duties. One of effective measures would be holding case studies and discussions in workplaces about examples at your company and possible risks in your business, namely, trying to make "compliance thinking" and "compliance awareness" take root, and these seem to be effective methods. There is no faultless, perfect organization. Mistakes are probably going to occur. Facing problems sincerely and discussing them openly with everyone to make continuous improvement is the approach that is necessary to fulfill both CSR and compliance.

We considered the above opinions as we set our 2006 fiscal year policies.

Policies for the next fiscal vear and beyond



Kunio Yasuda Executive Officer Office of General Administration Director The Kansai Electric Power Co., Inc.

In order to realize CSR voluntarily and continuously throughout Kansai Electric Power's businesses, it is essential that every division and every workplace autonomously promote compliance, a key aspect of CSR. Autonomous efforts are necessary to prevent violations of laws and ordinances and other causes of risk that might, in particular, lead to the occurrence of incidents and accidents that cause trouble for society.

In the 2006 fiscal year, by making even more proactive efforts to promote compliance awareness among all employees, including autonomous efforts and education using collections of case studies at each workplace, we are improving the compliance risk management abilities of every division and workplace and strengthening our practice of legal risk management.

451

Third party commentary

I expect the six principles of your CSR Action Charter to permeate your workplaces further and take root in your business.



Professor Kanji Tanimoto Hitotsubashi University Graduate School of Commerce and Management Professor

In order to restore and increase society's confidence in Kansai Electric Power, you have worked to make CSR management permeate your business and to raise every individual employee's awareness of it since last year. Your top executives have shown a strong commitment to these efforts, including starting in December 2005 the CSR Promotion Group, which is a division within the Office of Corporate Planning to oversee the CSR efforts of the entire company. These efforts show that Kansai Electric Power is undertaking diligent efforts to make the CSR Action Charter created in 2004 become firmly established in the corporation.

By analyzing the causes of the accident that occurred the year before last at Mihama Nuclear Power Station Unit 3, you have identified technical and organizational management issues and proposed measures to prevent recurrence. In the last year, in addition to conducting system reforms in accordance with these recurrence prevention measures, you have made a series of related efforts, including rebuilding two-way communication relationships, particularly between management and workplaces and between Kansai Electric Power and business partner companies. You have made the status of implementation of these efforts, the deliberations of the Nuclear Power Plant Maintenance Reform Verification Committee and other information

available in complete formats on your web site and provided reports in various media. I commend these and other efforts that show your sincere stance. Although carrying out all the detailed tasks is difficult work, our dependence on nuclear power plants is great, and accidents at them can have serious impacts, so you must not let these efforts become hollow as the years pass. Your stakeholders expect you to make them an engrained part of your business.

One feature that stands out in reading this fiscal year's CSR Report is that you actively took opinions from outside the group into consideration and implemented proposals based on them. I said in my third party commentary last year that you should make your fundamental policies in every area clear, analyze and evaluate your efforts of the previous year and listen to outside opinions in order to set future goals and check your results. In response to this, first of all, you have presented your basic policies and action plans in 2005 for each fundamental area (pages 9-10), and at the end of each chapter, your officers indicate measures for the next fiscal year. I applaud format improvements such as these. For all of your efforts, however, I would like you to clarify more specific goals in keeping with your action plans, as you have done in the section about the environment, and clarify issues for the next fiscal year after checking the extent to which past efforts were successful.

Your coverage of other topics related to society, for example, employee support measures, frequently end with only the introduction of systems. As much as possible, you should set specific goals, check the extent to which they are achieved and report on them. Of course, in areas other than the environment, quantification can be difficult, but it is possible to work with a goal management style for each. Furthermore, considering the issues of transparency in these areas, you provide an *à la carte* description of your various efforts, but you should probably also explain your goals for the fiscal year, the results that you obtained and the issues that arose. The same thing can be said about your efforts to contribute to regional society. You are making meaningful efforts in every area, but, for accountability, you need to make clear why you are undertaking the activities, as well as what types of results are achieved both for society and for your company.

These days, people are again asking the question, "What is a business?" Businesses can only exist within society, and they obtain "licenses" to conduct their enterprise activities by receiving the support and trust of society. This trust is something that must always be earned. By making the six principles in your CSR Action Charter permeate and take root in your workplaces, including your group business, even more in the future, I expect that Kansai Electric Power will become a business that is trusted by society.

Response to outside commentary received in 2005 and follow up

Comments received in 2005	Follow up and reflection in the 2006 edition
The next fiscal year report must include follow up on the future efforts, progress and results related to the Mihama Power Station accident.	We covered the status of implementation of measures to prevent recurrence of an
Among measures to prevent the recurrence of an accident such as that at the Mihama Power Station, you should provide the opinions of group employees, local residents and other stakeholders and show how Kansai Electric Power has responded to them.	accident like the one that happened at the Mihama Power Station. (See "Maintaining safety is our company's mission" on pages 11–16.)
There are no references to efforts for the specific management systems for your CSR Action Charter and CSR Action Standards.	We wrote about our CSR promotion organization, especially our CSR Promotion Council. (See "Efforts to promote CSR" on page 8.)
You should show your efforts to communicate internally and with group companies along with the contents of those communications.	We covered opportunities for opinion exchange with group companies, including group contact meetings and various group company committees. (See "Efforts to promote CSR" on page 8.)
There is little coverage of your stance toward efforts related to society or your fundamental policies in this regards.	We made our policies and main efforts for our six principles clear. (See pages 9 and 10.)
You should show how you analyzed and conducted internal evaluation of your efforts in the previous fiscal year, as well as how you refer to outside opinions, set reform goals for future business activities and check the results.	At the end of each chapter, we created a section called, "Evaluations of our efforts and reflection of the results in the next fiscal year," in which we describe opinions from inside and outside the company and policies for the next fiscal year that reflect them.
Do not just list the results, also report on the processes.	We endeavored to include processes in our explanations of each of our efforts.

In response to this commentary

We have undertaken reform efforts continuously for measures to prevent the recurrence of an accident such as the one at Mihama Power Station Unit 3. In the 2006 fiscal year and beyond, we will sustain these reform efforts steadily and report on the status of these efforts to our stakeholders.

Professor Tanimoto also commented on the relationship of the contents of our CSR Report for the last fiscal year with each of our action principles. In response, we have actively taken in opinions and proposals from outside our company and worked to make improvements so that we can convey the nature of specific efforts. (See "Response to outside commentary received in 2005 and follow up" at the bottom left of this page.) However, as Professor Tanimoto indicates, outside of environmental issues, quantification of action goals for each of our action principles is not always easy. Furthermore, given the great variety of related places and other issues, we were unable to explicitly show the use of a uniform PDCA cycle. I think that this is still at an insufficient level. We will take his comments to heart and endeavor as a unified group to clarify our specific goals as much as possible for each of our action principles. We will also work to show the degree that we achieve these goals as well as issues that we face.

In the future, the Kansai Electric Power group as a whole will advance our CSR efforts and actively pursue two-way communication with all of our stakeholders so that we can earn your trust.



Yuzuru Hiroe Executive Officer Office of Corporate Planning Director The Kansai Electric Power Co., Inc.

Operation data

Equipment and Power Supply and Demand											
Fiscal year	2001	2002	2003	2004	2005	Unit					
Power generation equipment output (KEPCO at fiscal year end)	35.59	35.43	34.82	35.76	35.76						
Hydropower	8.13	8.13	8.15	8.19	8.19						
Thermal	17.69	17.53	16.91	17.81	17.81						
Coal	_	_	_	0.90	0.90	Millions of kW					
Oil etc.	9.70	9.54	9.08	9.08	9.08						
LNG and other gas	7.99	7.99	7.83	7.83	7.83						
Nuclear	9.77	9.77	9.77	9.77	9.77						
Total power	152.5	154.9	153.1	157.9	160.2						
Generated by KEPCO	122.2	119.9	117.0	114.7	116.2						
Hydropower	13.7	15.4	18.5	17.4	14.1						
Thermal	36.2	27.1	22.0	37.3	37.6	Pilliono of KMb					
Nuclear	72.3	77.4	76.5	60.0	64.5	BIIIONS OF KWIT					
Purchased	20.3	24.3	27.4	32.2	33.5						
Interchanged	13.4	15.5	14.4	15.1	14.6						
Power for pumping	(3.4)	(4.8)	(5.7)	(4.0)	(4.1)						
Power consumption	139.8	141.8	140.2	144.9	147.1						
Lighting	44.3	45.6	44.7	46.8	48.7	Billions of kWh					
Electricity	95.4	96.2	95.6	98.1	98.4						

			Finances				
	Fiscal year	2001	2002	2003	2004	2005	Unit
	Operating revenue	2,517.8	2,482.7	2,375.2	2,448.1	2,403.5	
	Lighting	993.7	995.4	944.2	990.9	989.3	
	Electricity	1,477.8	1,426.3	1,356.4	1,373.7	1,326.1	
	Other	46.2	60.9	74.5	83.5	88.0	
	Operating expenses	2,206.1	2,167.1	2,045.7	2,082.1	2,108.7	
Non-consolidated	Operating profit	311.7	315.5	329.4	366.0	294.8	¥ billion
basis	Recurring profit	163.5	186.5	188.8	274.0	219.2	
	Net profit for current term	137.0	97.2	118.4	110.1	143.5	
	Plant & equipment investment	410.5	326.5	255.1	203.5	180.6	
	Total assets	7,043.4	6,772.3	6,540.8	6,294.6	6,268.8	
	Outstanding interest-bearing debts	4,327.1	4,075.4	3,589.2	3,164.7	2,975.8	
	Shareholders equity ratio	19.0	19.6	21.9	23.6	25.5	%
	Operating revenue	2,651.5	2,615.1	2,540.1	2,613.4	2,579.0	
	Operating expenses	2,332.2	2,289.5	2,190.6	2,226.5	2,251.8	
	Operating profit	319.3	325.5	349.4	386.9	327.1	
0	Recurring profit	159.5	174.7	187.3	297.8	247.5	¥ hillion
basis	Net profit for current term	128.4	80.4	90.1	69.7	161.0	+ DINOT
	Plant & equipment investment	467.8	386.8	321.5	273.7	268.6	
	Total assets	7,507.5	7,402.3	7,150.8	6,857.8	6,856.4	
	Outstanding interest-bearing debts	4,448.3	4,354.1	3,883.6	3,489.8	3,323.9	
	Shareholder equity ratio	21.1	20.9	22.9	24.0	26.0	%

Employees and Safety										
	Fiscal year	2001	2002	2003	2004	2005	Unit			
Number of second success	Kansai Electric Power	23,971	21,920	21,031	20,640	20,408	Dereene			
Number of employees	Kansai Electric Power Group	37,911	35,554	33,935	33,276	30,674	Persons			
Accident rate * 0.22 0.16 0.37 0.28 0.46 %										

*Accident rate: Number of accidents per one million hours of operation

Environmental data

	Global Environmental Protection											
		Fiscal year	2001	2002	2003	2004	2005	Unit				
CO2 emi	issions *1		36.88	36.84	36.56	51.59	about 52.00*12	Millions of tons-CO2				
CO ₂ emi	issions factor (per u	nit of power sold)*2	0.264	0.260	0.261	0.356	about 0.35*12	kg-CO₂/kWh				
CO ₂ emi	issions factor (per u	nit of power generated)*3	0.235	0.230	0.229	0.317	about 0.31*12	kg-CO₂/kWh				
	World CO ₂ emissio	ns *4	23.6	24.1	25.2	_	_	Billions of tons-CO2				
Poforonco	Japan CO2 emissio	ons *5	1.214	1.248	1.259	1.279	_	Billions of tons-CO2				
I ICICI CI ICC	Electric power indu	stry CO2 emissions *6	0.312	0.342	0.363	0.364	_	Billions of tons-CO2				
	Electric power industry	y CO2 emissions per unit of power sold *6	0.379	0.407	0.436	0.421	_	kg-CO₂/kWh				
Rate of r	e of nuclear power facility usage *7		84.5	90.5	89.1	70.2	75.4	%				
Total the	ermal distribution eff	iciency *8	42.2	42.4	42.3	42.2	42.0	%				
		Coal	—	_	123	1,862	2,341	Thousand tons				
Thormol	fuel concurrentian	Heavy oil	202	224	98	270	268	Thousands of kL				
mermai	ruel consumption	Crude oil	767	715	215	1,159	1,334	Thousands of kL				
		LNG	5,286	3,799	3,366	4,206	3,897	Thousand tons				
Nuclear	fuel (weight of pre-i	rradiation uranium)	217	200	218	158	197	tons-U				
Hydropow	ver station refurbishmer	nt (cumulative output increases since 1989)	30,452	34,752	38,752	46,252	46,252	kW				
Transmi	ssion and distributio	on loss factor *9	5.2	5.5	5.5	5.4	5.3	%				
SF6 gas	emissions (at time o	of inspection)	0.9	0.7	0.7	0.3	0.3	ton				
SF6 gas	recovery rate (at tin	ne of inspection)	96.4	97.1	97.2	97.9	97.1	%				
Use of u	nutilized energy sou	urces (at heat supply locations)	11	11	11	12	12	Locations				
Progress of	new energy source developm	ent and use (fiscal year-end total for KEPCO facilities)	919	919	919	1,015	1,010	_				
_	Photovoltaic power	generation	765	765	765	865	860	kW				
١	Wind power genera	tion	154	154	154	150	150					
Contribu	itions to Kansai Gre	en Power Fund (at fiscal year end)	13,881	13,151	11,973	11,217	10,055	Unit of contribution				
Power g	eneration sponsore	d by Kansai Green Power Fund	4,600	4,670	6,991	9,549	47,148	_				
	Solar and photovolta	aic power generation	100	170	491	1,545	1,643	- k\M				
1	Wind power generat	tion	4,500	4,500	6,500	8,000	45,500					
	Power generation fo	r environmental education purposes	-	—	_	4	5					
_		Electricity consumption at offices	116.6	113.2	105.8	113.2	112.6	Millions of kWh				
Energy a	and resource ation	Daily water consumption	978.4	900.7	803.6	736.0	694.7	Thousands of m ³				
(Office c	livisions)	Vehicle fuel efficiency	9.16	9.41	9.29	9.04	9.36	km/liter				
		Copy paper consumption	934.9	919.4	903.9	1,021.0	1,016.4	ton				
Adoption	n ratio of low pollution	on vehicles *10	—	_	30.0	37.7	48.3	%				
CO2 emi	ssions from vehicle	use *11	12	11	11	12	11 -	Thousands of tons-CO2				

*1 CO2 emissions are calculated by multiplying the total thermal fuel consumption by an emission coefficient per fuel type. Electricity purchased from other companies is included therein.

*2 *3

CO2 emissions factor (per unit of power sold) = Total CO2 emissions / Total electricity sold CO2 emissions factor (per unit of power sold) = Total CO2 emissions / Total electricity generated World CO2 emissions: Source—The Energy and Data Modeling Center (EDMC) Handbook of Energy & Economic Statistics in Japan (The Institute of Energy *4

Economics, Japan (Japan CO₂ emissions: Source—Greenhouse Gas Inventory Office (National Institute for Environmental Studies, Center for Global Environmental Research) Electric power industry CO₂ emissions and CO₂ emissions factor: Source—Environmental Action Plan by the Japanese Electric Utility Industry (The Federation of Electric Power Companies of Japan) *5 *6

Electric Power Companies of Japan)
*7 Rate of nuclear power facility usage = Total electricity generated / (Authorized capacity x Number of calendar hours) x 100
*8 Total thermal distribution efficiency = (Total electricity transmitted x calories per kWh) / Total input calories (low calorific value base) x 100
*9 Transmission and distribution loss factor = {1 - (Total electricity sold + Total power consumption at substations) / (Total electricity generated and received - Total power consumption at KEPCO power stations) } x 100
*10 Adoption ratio of low pollution vehicles = Total low pollution vehicles adopted (LEV6 compliant vehicles) / Total company vehicles x 100
*11 CO2 emissions from vehicle use = Total vehicle fuel consumption x Emission coefficient per fuel type
*12 Provisional value by KEPCO

*12 Provisional value by KEPCO

Environmental data 🖊

Local Environmental Protection

	Fiscal year	2001	2002	2003	2004	2005	Unit
SOx emissions (at KEP	CO power stations) *1	1,438	1,332	415	2,375	2,474	ton
SOx emissions (Per unit	t of power generated by KEPCO) *2	0.012	0.011	0.004	0.021	0.021	are m ////h
factor (Per uni	t of thermal power generated by KEPCO) *3	0.040	0.049	0.019	0.064	0.066	gram/kwn
NOx emissions (at KEP	emissions (at KEPCO power stations) *4		3,740	2,731	4,529	4,752	ton
NOx emissions (Per uni	t of power generated by KEPCO) *5	0.039	0.031	0.023	0.039	0.041	arom/////h
factor (Per uni	t of thermal power generated by KEPCO) *6	0.133	0.138	0.124	0.121	0.126	gram/kwn
Limestone consumpti	Limestone consumption			3	45	49	Thousand tons
Ammonia consumption	n	_	3	3	5	6	Thousand tons
COD emissions *7		_	25	32	21	36	ton
Industrial water consu	Imption (for power generation)	-	3.18	3.06	4.69	4.53	Millions of m ³
Clean water consump	tion (for power generation)	_	0.86	0.60	0.84	0.88	Millions of m ³
0 *	Thermal power stations	34	34	34	36	36	
Green coverage *8 (at fiscal year end)	Nuclear power stations	79	78	78	78	78	%
(Electric power offices (substations)	32	28	28	28	30	
Rate of underground t	ransmission cables *9 (at fiscal year end)	13.9	14.1	14.2	14.5	14.6	%
Rate of underground	of underground distribution cables * ¹⁰ (at fiscal year end) 9.3 9.4 9.4 9.5 9.5			9.5	%		
	(

SOx emissions are determined based on the amount of sulfur contained in fuels and the amount of sulfur removed by desulfurization equipment. *2

SOx emission factor (per unit of power generated by KEPCO) = Total SOx emissions (at KEPCO power stations) / Total electricity generated by KEPCO SOx emission factor (per unit of thermal power generated by KEPCO) = Total SOx emissions (at KEPCO power stations) / Total electricity generated by KEPCO *3 KEPCO

*4

*5

NOx emissions: value measured using measuring equipment NOx emission factor (per unit of power generated by KEPCO) = Total NOx emissions (at KEPCO power stations) / Total electricity generated by KEPCO NOx emission factor (per unit of thermal power generated by KEPCO) = Total NOx emissions (at KEPCO power stations) / Total thermal electricity generated by NOX emission factor (per unit of thermal power generated by KEPCO) = Total NOX emissions (at KEPCO power stations) / Total thermal electricity generated by *6 KEPCO *7

COD emissions are determined based on analytical values of COD drainage concentration analysis. Green coverage = Total green areas at business sites / Total areas of business sites x 100 *8

*9

Rate of underground transmission cables = Total calculated length of underground cables / (Total calculated length of overhead cables + Total calculated length of underground cables) x 100 *10 Rate of underground distribution cables = Total calculated length of underground cables / (Total calculated distance of overhead cables + Total calculated length

of underground cables) x 100

Waste and Resource Recycling											
Fiscal year	2001	2002	2003	2004	2005	Unit					
Industrial waste and other discharge	63.7	49.7	56.8	331.2	398.9						
Ash (heavy oil, coal, etc.)	2.3	1.7	7.5	196.1	227.2						
Sludge (desulfogypsum, wastewater treatment sludge, etc.)	17.5	7.0	9.3	73.6	94.6						
Cinders	0.8	0.7	0.6	26.2	32.3						
Waste concrete poles, etc.	15.8	16.7	15.2	13.7	16.1	Thousand tons					
Metal scrap	16.5	15.9	17.1	11.9	17.8	Thousand tons					
Glass and ceramic scrap (heat retention materials, insulator waste, etc.)	3.9	3.3	2.5	3.9	3.2						
Spent oil	4.6	2.2	3.0	3.0	2.6						
Waste plastic	1.2	1.3	1.1	1.1	1.3						
Other	1.0	1.1	0.5	1.7	3.8						
Landfill disposal of industrial waste	6.7	6.8	6.5	8.1	6.5						
Glass and ceramic scrap (heat retention materials, insulator waste, etc.)	2.9	2.7	1.4	2.9	1.9						
Sludge (wastewater treatment sludge etc.)	0.8	0.7	2.5	2.2	2.2						
Asbestos	0.4	0.3	0.1	1.3	0.7						
Cinders	0.7	0.6	0.6	0.7	0.3	Thousand tons					
Waste plastic	0.8	0.8	0.7	0.5	0.7						
Scrap metal	0.5	0.7	0.9	0.4	0.5						
Other	0.6	1.1	0.3	0.2	0.2						
Industrial waste recycling rate *1	87	85	86	97	97	%					
Volume of low-level PCB waste Insulating oil	_		2(2.0%)	8(8.0%)	18(18.0%)	Thousands of kL					
treated (utility pole transformers)*2 Transformer cases *3	_		3(1.3%)	24(10.0%)	45(18.8%)	Thousands of units					
Office supply green purchasing rate *4	_	_	99	99	97	%					

Industrial waste recycling rate = (Recycled amount + Amount of valuable wastes sold) / (Industrial waste emissions + Amount of valuable wastes sold) x 100 The figures represent cumulative values for previous years. The figures in parentheses represent percentages of total amounts treated. Utility pole transformer internal parts etc. are returned to storage. *1

*2

*3

*4 Total purchased amount of office supply green purchasing (43 target items) / Total purchased amount of office supply (43 target items) x 100

		Radioact	ive Materials	and Waste			
	Fiscal year	2001	2002	2003	2004	2005	Unit
Assessed radiological dosage	Mihama Power Station	<0.001	<0.001	<0.001	<0.001	<0.001	
in public areas around power	Takahama Power Station	<0.001	<0.001	<0.001	<0.001	<0.001	Millisievert (mSv) *2
stations	Ohi Power Station	<0.001	<0.001	<0.001	<0.001	<0.001	
Deleges of mediate time measure	Mihama Power Station	1.4E+10	1.1E+10	6.1E+09	1.9E+09	1.2E+09	
wastes (noble gas)	Takahama Power Station	1.8E+10	1.2E+10	1.1E+10	1.6E+10	1.2E+10	Becquerel *3
	Ohi Power Station	1.5E+10	2.8E+10	1.8E+10	4.1E+11	6.2E+09	
Release of radioactive generation	Mihama Power Station	9.9E+04	3.8E+05	2.3E+05	N.D.	N.D.)
wastes (iodine)	Takahama Power Station	1.8E+05	3.4E+05	N.D.	N.D.	N.D.	Becquerel *3
· · · /	Ohi Power Station	2.7E+05	N.D.	N.D.	1.9E+08	N.D.	> * 1
Release of radioactive liquid	Mihama Power Station	N.D.	N.D.	N.D.	N.D.	N.D.	
wastes (excluding tritium)	Takahama Power Station	N.D.	N.D.	N.D.	3.1E+05	N.D.	Becquerel *3
,	Ohi Power Station	N.D.	N.D.	N.D.	N.D.	N.D.	<u> </u>
Solid radioactive waste generation (2	200-liter drum equivalent) *4	9,112	7,301	9,438	8,183	10,161	
Mihama Power Station		3,504	3,135	4,337	2,698	3,260	drum equivalent
Takahama Power Station		1,375	1,440	1,724	1,893	3,557	
Ohi Power Station		4,233	2,726	3,377	3,592	3,344	
Solid radioactive waste decrease (2	200-liter drum equivalent) *4	7,423	8,439	10,067	7,687	8,708	
Mihama Power Station		2,540	3,423	5,527	3,143	3,008	drum equivalent
Takahama Power Station		797	743	606	653	2,027	
Ohi Power Station		4,086	4,273	3,934	3,891	3,673	
Solid radioactive waste cumulative storage	e (200-liter drum equivalent) *4	86,398	85,260	84,631	85,127	86,579	
Mihama Power Station		28,736	28,448	27,258	26,813	27,065	drum equivalent
Takahama Power Station		31,301	31,998	33,116	34,356	35,886	
Ohi Power Station		26,361	24,814	24,257	23,958	23,628 *5	

The discrepancy between the above figure and the value calculated based on the accumulated storage amount at previous fiscal year-end added to the amount generated in the subject fiscal year deducted by the decrease is due to the rounding of fractions after conversion to 200-liter drum equivalent.

Environmental Management

							-
	Fiscal year	2001	2002	2003	2004	2005	Unit
ISO or related s	standard compliant locations (at fiscal year end)	20	19	17	16	15	
	Relisted for external certification acquisition	11	12	10	10	10	
Therma	al power division	14	13	12	10	9	
	Relisted for external certification acquisition	7	7	6	5	5	
Nuclea	r power division	2	2	2	2	2	1 4
	Relisted for external certification acquisition	0	1	1	1	1	Locations
Engine	ering division	4	4	2	2	2	
	Relisted for external certification acquisition	4	4	2	2	2	
Sales a	and distribution divisions *1	0	0	1	2	2	
	Relisted for external certification acquisition*1	0	0	1	2	2	
Participants in	ISO 14001 staff training	30	26	26	23	16	
environmental education	Internal environmental auditor training	21	21	22	12	15	Persons
programs	Environmental staff training	41	37	38	25	21	

*1 The figures for "Sales and distribution division" include one EA21-certified site.

		Other				
Fiscal year	2001	2002	2003	2004	2005	Unit
Tree-planting activities (Planting trees at public facilities, etc.)	29	24	16	10	16	Thousands of trees
Beautification activities (clean-up activities at local communities, etc.)	1,027	841	308	362	406	case

Data by thermal power station

Thermal power station environmental protection performance (Fiscal 2005)

		Item		Sakaiko Po	wer Station	Tanagawa No. 2 Power Station	Nanko Power Station	Miyazu Energy Research Center	Maizuru Power Station		
		Main fu	el	L	-	H/C	L	H/C	Coal		
		Emissions	A. P. P. Law (Total Pollutant Load Control)	39	91	587	98	306*4	10,306*4		
		per hour	Agreed value	-	-	_	—	112	255		
		(max/nr)	Result	()	0	0	(Planned long-term suspension)	79		
	SOx	Emissions	Agreed value	10	.1	9.3	—	—	—		
		(t/day)	Actual value	0.0	03	0	_	_	—		
		Emissions	Agreed value	94	10	3,020	_	492×10 ³ m ³ N	$1,523 \times 10^{3} m^{3} N$		
. <u>ല</u>		(t/year)	Actual value	1		1	—	(Planned long-term suspension)	331×10 ³ m ³ N		
pher		Emissions	A. P. P. Law (Total Pollutant Load Control)	61	2	398 * 2	255	Undesignated areas	Undesignated areas		
mos		per hour	Agreed value	-	-	—	—	58	244		
At		(111-13/111)	Result	10	06	1	30	(Planned long-term suspension)	63		
	NOx	Emissions per day	Agreed value	7.	7	7.2	1.8	_	—		
		(t/day)	Actual value	3.	2	0.0	0.9	—	—		
		Emissions	Agreed value	1,420		2,100	400	$244 \times 10^{3} \text{m}^{3} \text{N}$	$1,457 \times 10^{3} m^{3} N$		
		(t/year)	Actual value	43	8	1	152	(Planned long-term suspension)	$431 \times 10^{3} \text{m}^{3} \text{N}$		
		Discharge	A. P. P. Law (Total Pollutant Load Control)	0.0	50	0.070	0.030	0.050	0.1		
	Soot	concentration	Agreed value	0.0	20	0.020	0.000	0.014	0.009		
		(g/m ³ N)	Result	0.0	00	0.004	0.000	(Planned long-term suspension)	0.005		
		W.P.P. Law and		W.P.P. Law and No. 1 wastewater output No. 2 was		No. 2 wastewater output	5.8-8.6	5.0.0.0.40	50.00	50.00	
	Hvdroa	en ion	ion ordinances 5.8-8.6		5.8-8.6	5.0-9.0*3	5.0-9.0	5.0-9.0			
	concent	tration index	Agreed value	_	_		_	5.8-8.6	5.8-8.6		
			Result	7.5-8.0	6.6-7.4	6.7-8.1	6.2-8.5	6.2-7.3	6.6-7.6		
		Max	W. P. P. Law and ordinances	12	160	12	200 * 3	160	160		
		concentration	Agreed value	-		15	_	15	15		
eq	005	(mg/L)	Result	3	2	6	30	7.6	6.6		
relat	COD		W. P. P. Law and ordinances	388	3.4	61.25	_	_	-		
ater-		Pollutant load (kg/day)	Agreed value	-		14	_	20.8	22		
×		(Result	20	.9	6.6	—	0.3	5.8		
		Max.	W. P. P. Law and ordinances	50)	90	200* 3	200	200		
	SS	concentration	Agreed value	-		20	_	20	15		
		(IIIg/L)	Result	3		4	26	4	10		
		Max.	W. P. P. Law and ordinances	2		3	4 * ³	5	5		
	N-Hex	concentration	Agreed value	-		1	_	1	1		
		(IIIG/L)	Result	<	1	0.1	< 0.1	< 0.5	< 1.0		

A.P.P. Law: Air Pollution Prevention Law W.P.C. Law: Water Pollution Control Law L: LNG H: Heavy oil C: Crude oil *1 Regulatory value based on constant determined by each area of jurisdiction *2 Reported value in accordance with Osaka Prefectural Guidelines for NOx Reduction from Fixed Sources *3 Regulatory value under Regulations for Implementation of Osaka City Sewerage Ordinance *4 Kyoto Prefecture Ordinance on Environmental Protection

Flue gas desulfurization equipment



Flue gas denitrification equipment



		Item		Kainan Power Station	Gobo Power Station	Himeji No. 1 Power Station 5.6U	Himeji No. 2 Power Station	Takasago Power Station	Aioi Power Station	Ako Power Station
		Main fue	1	H/C	H/C	L	L	H/C	H/C	H/C
		Emissions	A. P. P. Law (Total Pollutant Load Control)	646	7,190 *1	119	780	344	3,054 *1	2,146 *1
		per hour	Agreed value	310	184	_	58	155	165	180
		(m³N/hr)	Result	183	108	0	0	(Planned long-term suspension)	79	66
	SOx	Emissions	Agreed value	-	-	_	-	_	-	_
		(t/day)	Actual value	-	-	_	_	-	-	_
		Emissions	Agreed value	$1,760 \times 10^{3} \text{m}^{3} \text{N}$	970×10 ³ m ³ N	_	400×10 ³ m ³ N	2,492	$885 \times 10^{3} m^{3} N$	$650 \times 10^3 \text{m}^3 \text{N}$
		(t/year)	Actual value	276×10 ³ m ³ N	$159 \times 10^{3} m^{3} N$	_	0.5×10 ³ m ³ N	(Planned long-term suspension)	$78 \times 10^3 \text{m}^3 \text{N}$	$28 \times 10^3 \text{m}^3 \text{N}$
eric		Emissions	A. P. P. Law (Total Pollutant Load Control)	Undesignated areas	Undesignated areas	Undesignated areas	Undesignated areas	Undesignated areas		Undesignated areas
hdso		per hour	Agreed value	450	110	104	463	320	85	94
Atmo		(11-14/111)	Result	221	71	59	389	(Planned long-term suspension)	42	62
	NOx	Emissions	Agreed value	-	-	_	_	_	-	_
		(t/day)	Actual value	_	_	_	_	_	_	_
		Emissions	Agreed value	2,400×10³m³N	$560 \times 10^3 \text{m}^3 \text{N}$	$590 \times 10^{3} \text{m}^{3} \text{N}$	$2,263 \times 10^{3} m^{3} N$	$1,620 \times 10^{3} m^{3} N$	$390 \times 10^{3} m^{3} N$	$340 imes 10^3 m^3 N$
		(t/year)	Actual value	$381 \times 10^3 \text{m}^3 \text{N}$	$71 \times 10^3 \text{m}^3 \text{N}$	$264 imes 10^3 m^3 N$	$863 \times 10^{3} m^{3} N$	(Planned long-term suspension)	$37 \times 10^3 \text{m}^3 \text{N}$	$45 \times 10^3 \text{m}^3 \text{N}$
	Soot	Discharge	A. P. P. Law (Total Pollutant Load Control)	0.070	0.070	0.050	0.050	0.070	0.070	0.050
		concentration	Agreed value	0.020	0.010	_	—	0.050	0.015	0.015
		(g/m³N)	Result	0.007	0.002	0.000	0.009	(Planned long-term suspension)	0.003	0.003
	Hydroge	n ion	W.P.P. Law and ordinances	5.0-9.0	5.0-9.0	5.8-8.6	5.8-8.6	5.8-8.6	5.8-8.6	5.8-8.6
	concentr	ation index	Agreed value	5.8-8.6	5.8-8.6	5.8-8.6	5.8-8.6	5.8-8.6	5.8-8.6	5.8-8.6
			Result	6.0-7.9	6.1-7.6	6.8-7.6	7.0-8.1	(Planned long-term suspension)	6.5-7.6	6.6-7.7
ľ		Max	W. P. P. Law and ordinances	10	160	100	100	100	100	100
		concentration	Agreed value	10	10	15	15	20	15	15
g	000	(mg/L)	Result	7	2.3	2.3	6	(Planned long-term suspension)	4	2
elate	COD		W. P. P. Law and ordinances	187.7	_	83.6	105	102	66	84
ater-1		Pollutant load (kg/day)	Agreed value	50	-	15.2	35	34	18	22.4
Š			Result	4.4	_	1.9	14.2	(Planned long-term suspension)	3.8	2.2
		Max	W. P. P. Law and ordinances	40	200	90	90	90	90	90
	SS	concentration	Agreed value	20	20	20	20	20	20	20
		(mg/L)	Result	5.6	1	2	7	(Planned long-term suspension)	6	1
		Max	W. P. P. Law and ordinances	2	5	5	5	5	5	5
	N-Hex	concentration	Agreed value	2	1	1	1	1.5	1	1
		(mg/L)	Result	0.1	0.5	0.1	0.1	(Planned long-term suspension)	0.1	0.2

Discharge and transfer of substances subject to PRTR Law (Fiscal 2005)

Substance	Use	Consumed	Discharge (t/year)			Transfer (t/year)	
Substance		quantity	Air	Public water areas	Soil	Sewage	Waste
2-amino ethanol	Water supply treatment agent	86	< 0.1	0	0	0	5.1
Asbestos	Insulation material	50	0	0	0	0	50
Bisphenol A epoxy resin	Paint	3.6	< 0.1	0	0	0	0
Ethylbenzene	Paint	7.1	7.1	0	0	0	0
Xylene	Fuel (NGL), paint, Ecomelts solvent, cleaning oil	36	32	0	0	0	< 0.1
HCFC-225	Cleaning materials (clothes)	2.1	2.1	0	0	0	0
Styrene	Paint	2.2	2.2	0	0	0	0
Dioxins	Waste incinerator for burning driftwoods, etc.	-	110 (mg-TEQ/year)	230 (mg-TEQ/year)	0	0	4.4 (mg-TEQ/year)
Thiourea	Chemical cleaning agent for boilers	7.9	0	0	0	0	0
Toluene	Fuel (naphtha and NGL), paint	4.5	4.5	0	0	0	0
Hydrazine	Water supply treatment agent	96	< 0.1	0	0	0	2.1
Tris-phosphate (dimethyl phenyl)	Power generation turbine control oil	7.7	0	0	0	0	7.7

*The Consumed Quantity indicates data for one ton or more of Class I Designated Chemical Substances and 0.5 tons or more of Specific Class 1 Designated Chemical Substances per year.
*"0" indicates no discharge. *"<0.1" represents discharge was less than 0.1 t/year.
*Dioxin quantities indicate discharges and transfers from facilities under special requirements (waste incinerators, etc.) only. No consumed quantities are reported.
*Shown to two significant digits

Guidelines reference table

	Item	Page	Item	Page		Item	Page		Item	Page
1. Vision and Strategy		3. Governance Structure and Management Systems		5. Performance Indicators			5. Performance Indicators			
	1.1 5, 7		Structure and Governance		Economic Performance indicators			Social Performance indicators		
1.2 3, 4		3.1	6		EC1	1, 76		LA1	1, 60, 76	
2. F	Profile		3.2	6		EC2	*92		LA2	-
	Organizational	Profile	3.3	—		EC3	*103-106	-	LA3	61
	2.1	1	3.4	6, 8, 31		EC4	*		LA4	61
	2.2	1	3.5	-		EC5	*103	-	LA5	59
	2.3	6, 84	3.6	6, 8, 31		EC6	*99, 107	-	LA6	59
	2.4	21, 22, 23, 47, 48	3.7	5, 7, 9, 10, 27, 58, 59		EC7	*99, 107	-	LA7	59, 76
	2.5	1	3.8	66	1	EC8	*99, 105, 106	-	LA8	60
	2.6	1	Stakeholder Er	ngagement	1	EC9	*113	-	LA9	—
	2.7	1	3.9	2, 7, 45, 46	1	EC10	36, 53	-	LA10	61
	2.8	1	3.10	20, 23, 45, 46,	1	Environmental I	Performance indicators	-	LA11	—
	2.9	2, 7		63–68		EN1	28, 77	-	LA12	61
	Report Scope		3.11	12-16, 20, 22, 24,	1	EN2	44, 41, 47	-	LA13	61
	2.10	Back cover		45, 46, 50, 56, 62,		EN3	28	-	LA15	59
	2.11	2		65-68, 74		EN4	28	-	LA16	60, 61
	2.12	2	3.12	12-16, 20, 22, 24,	1	EN5	28	-	LA17	60, 61
	2.13	2		45, 46, 50, 56, 62,		EN6	-	-	HR1	58
	2.14	_		65-68, 74		EN7	-	-	HR2	72
	2.15	_	Overarching Policies	and Management Systems	1	EN8	28, 35, 35	-	HR3	—
	2.16	_	3.13	5, 6, 7, 9, 10, 27, 39,	1	EN9	-	-	HR4	58
			1	40, 58, 59		EN10	28, 39, 78	-	HR5	61
	Report Profile		3.14	-	1	EN11	43, 28, 41, 78, 79	-	HR6	58
	2.17	82	3.15	38	1	EN12	39	_	HR7	58
	2.18	33	3.16	18, 41, 42, 72	1	EN13	-	-	HR8	58
	2.19	33, 34	3.17	31, 32, 43	1	EN14	35	-	HR9	60, 72
	2.20	2, 24, 46, 47, 49,	3.18	_	1	EN15	-	-	HR10	60, 72
		50, 56, 62, 68, 74	3.19	6, 29, 30, 32, 58-61	1	EN16	32	-	SO1	7, 9
	2.21	2	3.20	31, 32, 79	1	EN17	35, 36, 37, 37	-	SO2	72
	2.22	2, 16, 64, 66	4. GRI Content Inde	x	1	EN19	49	-	SO3	72
			4.1	82	1	EN30	37	-	SO4	26, 40, 53
			5. Performance Indi	cators	1	EN33	41, 41	-	SO7	70–72
			Whole System	35	1	EN34	28	-	PR1	7, 9, 11–22
			Cross-sectional	34	1	EN35	33, 34	-	PR2	7, 9, 11–22, 36
									PR3	9, 69, 73
									PR6	49
									PR8	9,19–22

Pages relevant to GRI Sustainability Reporting Guidelines (2002 edition)

* Pages in Kansai Electric Power Shareholders Report (http://www.kepco.co.jp/ir/securities/81).

Pages relevant to 2003 Guidelines for Environmental Reports

Item	Page	Item	Page		
1. Basic items		4. Environmental impacts caused by business activities and status of efforts to reduce such impacts			
1)	3, 4	14)	18, 28, 29, 30, 36, 37, 42, 44, 77		
2)	2, Back cover	15)	18, 28, 29, 30, 37, 41, 44		
3)	1, 5, 76, 84	16)	28, 29, 30, 37		
2. Summary of environmentally-friendly policies, targets and results in business activities		17)	28, 29, 30, 35, 37, 38, 39, 77–81		
4)	5, 27	18)	40, 80, 81		
5)	25, 26, 29, 30, 34, 76–81	19)	1, 28, 49, 76		
6)	28	20)	28, 29, 30, 37, 41, 78		
7)	33, 34	21)	28, 39, 80, 81		
3. Status of environmental management		22)	28, 29, 30, 76		
8)	31, 32, 39, 40, 43, 79	23)	29, 30, 41		
9)	72	24)	28, 29, 30, 33, 34, 35, 37, 49		
10)	36	5. Status of social efforts			
11)	40, 45, 46	25)	5, 17, 18, 20, 54–56, 58–61, 69–73		
12)	32, 39, 40				
13)	40				

Please share your thoughts and opinions with us.

We have tried to provide concrete descriptions of Kansai Electric Power Group efforts so that more people will have an opportunity to understand them. However, we expect that our readers will find parts that are difficult to understand, information that is lacking and other faults. We would like to reflect the frank opinions and impressions of our readers in future efforts. For this reason, we request that you kindly participate in our questionnaire on the back of this page.

> CSR Promotion Group Office of Corporate Planning The Kansai Electric Power Co., Inc. TEL: +81-6-7501-0270 (direct)

Please share your thoughts and opinions with us. FAX: +81-6-6441-8598

To: CSR Promotion Group, Office of Corporate Planning, The Kansai Electric Power Co., Inc.

Please check the items most closely match your opinions or impressions.

Ω^{1}	Please tell us your impressions of the report. (Please choose	one option and give us your reasons.)					
0.1	(1) Ease of understanding	(2) Thoroughness of contents					
	[Reason:	Reason:					
	(3) Readability (size of letters and numbers, layout, charts and figures, photographs, etc.)	(4) Content quantity					
	Very good Good Average Poor Reason: Image Image Image	Long Average Short					
Q2	Which items in the report interested you? Which items do you think our Group should focus on or prio	oritize? (Please choose as many as apply.)					
	Message from our President Management policies Corporate governance CSB policies Fiforts to promote CSB 2005 fiscal year overview	IV. Respect for Human Rights and Creation of Good Workplace Environments					
	I. Providing Safe and Stable Products and Services	Topics Opening unlimited possibilities at Kanden L-Heart Co., Inc. Respect for human rights Efforts related to safety and health					
	Topics Maintaining safety is our company's mission -Status of our implementation of measures to prevent the occurrence of another	Equal opportunity employment and creation of comfortable workplaces Evaluations of our efforts and reflection of the results in the next fiscal year					
	accident like the disaster at Mihama Power Station Unit 3–	V. Transparent, Open Business Activities					
	and stable supply of electric power	Topics ① Conveying the importance of energy to the children who will be responsible for our society in the future-school visit					
	 Working to provide the best service Creating value for customers as a unified group 	(2) Inlinking about energy together with the people of the regions both of electricity producing and consuming					
	Evaluations of our efforts and reflection of the results in the next fiscal year	Evaluations of our efforts and reflection of the results in the next fiscal year					
	Poneering Efforts to Protect the Environment Topics ① Sakaiko Power Station facility renewal plan	Results of the CSR Report 2005 questionnaire VI Thorough Compliance					
	② Plan for the largest scale biomass cofiring implementation in Japan at Maizuru Power Station, Etc.	Topics ① Promotion of information security to prevent the repetition of past errors					
	Environmental policy, Status overview of our environmental load, targets and results	 2) Thinking about compliance together: Frontline Workplace Compliance Promotion Staff Training 					
	Environmental management Environmental accounting New ERA Strategy for confronting global environmental issues	Promotion of autonomous efforts in each workplace and implementation of training					
	Efficiency Reduction Activities abroad	Expansion of efforts to promote compliance					
	Promotion of business activities suitable for a recycling-oriented society	Evaluations of our efforts and reflection of the results in the next fiscal year					
	Communication about the environment	Third party commentary					
	Group company eco-businesses Independent review Evaluations of our efforts and reflection of the results in the next fiscal year	Reference data Guidelines reference table					
	II. Actively Contributing to Regional Society						
	Topics The protecting instance assets by inspecting electrical equipment at cultural heritage sites 2 Efforts to attract businesses for the vitalization of the Kansai region						
	Contributions to society as a corporate citizen						
	Evaluations of our efforts and reflection of the results in the next fiscal year						
Q3	 Please tell us your opinions and impressions of this report (for exam Please tell us your opinions and impressions of our group efforts and 	ple, contents you would like included in the future). d business activities (including, for example, expectations you have for us).					
$\bigcirc 4$	Please tell us your perspective as a reader of this report.	(Please choose one that best applies.)					
Q T	Company customer Individual investor or stockholder	Institutional investor or stockholder					
	Someone who does business with the company Government or government-related						
	Other (please specify)						
$\bigcirc \Box$	Explain:	_					
Q5	How did you learn about this report? (Please choose one that Newspaper or magazine Kansai Electric Power website	best applies.) From a Group employee From a friend or acquaintance					
	Other (please specify)	,					
	Explain:	Thank you for participating in this survey					
Name		Gender Male Female Age					
Addres	Address						
Occupation (company name or organization)							
 The personal information that you provide in this questionnaire will be handled as follows. Personal information that you provide will only be used to send you a copy of the next report published in 2007. Opinions and impressions that you provide may be used in the report published in 2007, but nothing that could be used to identify you will be included. With the exception of the following cases, we will not disclose your personal information to any third party. Cases when you consent to sharing the information Cases when we are legally obligated to provide the information 							

Organization

