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This is the second Kyushu Electric Corporate Social Responsibility Report. The 2006 report won awards for excellence in the 10th Sustainability Reporting Awards, which Toyo Keizai Inc. and the Green Reporting Forum cosponsored. New corporate responsibility developments for Kyushu Electric since last year's report included an acceleration in Group CSR activities and groupwide CSR action plans through a new Group CSR promotion subcommittee. I also note that the Company reviewed its compliance action guidelines by adding precautions for daily operations and by presenting of problematic behavior. The Company has begun establishing a CSR management cycle that uses internal and stakeholder assessments of achievements under the previous year's CSR action plans. It has based this year's action plans on those evaluations. I can thus laud Kyushu Electric's ongoing CSR progress overall.

Overall comments on report

The 2007 report basically follows from the previous one. It clearly expresses the Company's basic CSR stance and the importance of each section. The overall composition ensures easy understanding and reading. The 2007 report provides financial contributions in a separate section, reflecting a point that I made in my appraisal last year. The social and environmental focuses are very well balanced. But I have mixed feelings on whether the financial section should be toward the end of the report instead of near the beginning. I will leave that for the Company to consider.

The 2007 report enhance credibility by extensively using numbers and graphs throughout. Good examples are CSR management cycle parts, the number of consultations and reports to compliance and sexual harassment hotlines, and the results of a customer satisfaction survey on disclosure. There was also hard data on the number of inquiries to the customer Letterbox, the number of employees attending human rights courses, and even the number of employees taking childcare, nursing care and volunteer leave.

CSR management cycle

The 2006 report received accolades for the CSR management cycle in the Sustainability Reporting Awards for providing "highly substantial disclosure of CSR goals and achievements." In this year's report, the Company went a step further by additionally presenting achievements in terms of numbers and graphs. That said, I did notice that the Company dealt with specific plans and achievements last year but not necessarily always verifiably. Perhaps, it was difficult to do so. But it is worth pointing out items for that Company could not achieve for later reflection.

Cultivating Group CSR

I pointed out in my review of the previous report that it is crucial to pursue groupwide CSR in these times when people rate companies in terms of what their group businesses do. The Company set up an internal body and plans in response to that

Third-Party Assessments

point. As a result, this year's report explains Group CSR involvements and devotes quite a few pages to what major Group companies have done. The report composition made it easier to understand Group initiatives.

Once Kyushu Electric solidifies its Group CSR activities, the next stage would be initiatives that encompass business partners. At the same time, information security management and guidance to vendors will be a crucial issue. On that score, the Company mentioned the issue in last year's report. I am very pleased that this year's report properly addressed the issue with action plans. Going forward, it will be essential present specific plans and verify the results.

Disclosing negative information and corporate scandals

There were several scandals last year among electric power companies, including cases of falsifying and concealing data. Happily, there were no dislodged fuel rods at Kyushu Electric, which does not operate boiling water reactors. But there were still a couple of incidents of poor procedures and data falsification. The report properly disclosed these incidents and a few other pieces of negative information. Various types of corporate scandal can happen. But they shouldn't. Still hiding or falsely reporting discoveries of illegal or dishonest behavior makes matters even more serious when the truth is revealed. Previous incidents with other companies have amply demonstrated that. And a corporate image can sometimes actually improve if a company promptly discloses a violation or other wrongdoing and takes appropriate steps. So, proper disclosure of negative information is extremely crucial in corporate compliance.

It is wonderful to see Kyushu Electric's CSR Report taking solid shape and receiving high marks from third-party organizations. The Company still needs to tackle some issues, and I would like to see it continue producing substantial reports down the track, not just for form's sake, that show that it recognizes the significance of CSR and the importance of compliance.

Response to Third-Party Assessments



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Kyushu Electric Power aims to communicate its CSR activities to stakeholders through this report and further enhance its activities in that field.

To do so, we need to improve the report's credibility

We sought assessments and opinions from Professor Michiaki Abe of Kyushu University and Professor Toshiko Hirata of Kyushu Women's Junior College to confirm the objectivity of this report.

Professor **Toshiko Hirata**
Director
The Inter-University Life-long
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Kyushu Kyoritsu University,
Kyushu Women's University,
and Kyushu Women's Junior College



Discussions of electric power industry CSR are quite negative today because many point to data falsifications that happened at nuclear power plants. Even though no such incidents occurred at Kyushu Electric, its image has unavoidably suffered. The president's message talks about Kyushu Electric valuing social credibility and trust with customers. I looked at the 2007 report in anticipation of it being more meaningful.

Overall impression

Page 5 of this report presents four goals under the Kyushu Electric Power's Mission "Enlighten Our Future." They are easy to understand and are persuasive. I think that the third goal of contributing to Kyushu, Asia, and the world will eventually be central to CSR activities. I look forward to seeing future initiatives that Kyushu Electric can be truly proud of.

After clearly presenting its Group management vision, Charter of Conduct, and highlights, the report shows Kyushu Electric's CSR action plans for FY2007.

Kyushu Electric deserves praise for adding the improvements that Professor Michiaki Abe pointed out last year. More specifically, the financial reporting section starting on page 53 was easy to understand.

Encouraging respect for human rights and gender equality

The Cabinet Office's Gender Equality Bureau has called on corporations to have females in more than 30% of management positions by 2020. Tokyo Electric Power was one of 70 major companies to jointly launch the nonprofit J-Win organization in May 2007 to drive progress. It seems everybody has arrived at the start line in the race toward gender equality.

J-Win encourages hiring female workers and promoting them to executive positions on the grounds that women are crucial to winning in the international marketplace. As well as pressing for mindset reforms, J-Win organizes seminars on expertise and presents specific examples of Western corporations that better harness female employees. J-Win will

by confirming that the content is objective. That is why we asked Professor Michiaki Abe of Kyushu University to provide a third-party assessment of last year's version and included his comments.

We asked him to review this year's edition and check how we responded to his opinions from last year. At the same time, we asked Professor Toshiko Hirata of Kyushu Women's Junior College for her assessment. They both offered specific opinions and proposals based on their objective analyses.

Professor Abe talked about comparisons with the previous fiscal year's CSR action plans. We will think of a way to make such comparison easier to understand in future reports. We will also consider including specific CSR activities that involve our business partners and

apparently provide opportunities for businesses to exchange candidate female executives to assist in their networking.

I worry whether companies will reach the 2020 target.

People have started recognizing the need to create environments in which people can continue working while getting support so they can balance their professional and private lives, regardless of gender. There should be no exceptions for what is becoming a global wave of gender equality, even in workplaces where it is generally considered hard for women to work. We seek proactive initiatives that totally convince us of corporate sincerity.

I propose a better way of assessing employee morale and skills than measuring using the hours worked or the number of days of paid vacation. That is, the measure should be the amount of free time an employee has for private pursuits. If free time and how people spend it became a topic of conversation in the Company, the Company could also benefit from a wealth of ideas for enhancing the quality of its human resources. People today are valuing their time more than money. They want to better balance the time they spend at work, at home, and in the community. On that note, I would like to see improvements to the contents of page 46 of this report.

Shifting from cooperation to collaboration with community and society

Kyushu Electric has spent ¥1,257 million on its community and social programs. I think I am one of many who wish to see how cooperation translates into collaboration as the fruit of Kyushu Electric's many activities, such as community promotions, sports, social welfare, local conservation, and international cooperation.

Incidentally, I think that one way to enhance reader satisfaction would be to highlight one CSR topic every year and devote more pages to it, enriching the content. I would like to see a CSR report that demonstrates a strong will rather than just providing equal treatment for everything.

verify all the activities.

Professor Hirata discussed support for women in the workforce and measures to balance professional and private lives. We will set up a structure to consider and deploy specific progress in those areas. On the subject of community involvement, we are looking into creating a management system at branches so we can pursue activities that more locally oriented and collaborative with local residents.

We will endeavor to keep improving in the areas in which both professors considered that we are doing well.

We will draw on the third-party assessments to reinforce our CSR activities and present our achievements in the next report. We look forward to receiving reader opinions on our progress.