

Compliance Management

Kyushu Electric Power ensures peace of mind for its customers and people in its service area by maintaining strict compliance while operating with transparency and fairness in keeping with its commitment to ethical conduct.

Enhancing Compliance

We have traditionally pursued a compliance agenda that centers on earning and maintaining society's trust. But inspections of our generating facilities in 2006 revealed practices that violated compliance requirements. We have taken steps based on this experience to prevent reoccurrences. We will keep striving to provide customers and people in our service area with peace of mind, maintaining compliance while operating with transparency and fairness in keeping with our commitment to ethical conduct.

Compliance Management Structure

We established our Compliance Committee in October 2002 under the oversight of the Board of Directors. The committee appoints the heads of head office departments, branch offices, and other operations to manage their compliance activities, thus raising companywide awareness of the issues. We have set up internal and external compliance consulting desks.

We also maintain the Group Compliance Subcommittee (see page 19).

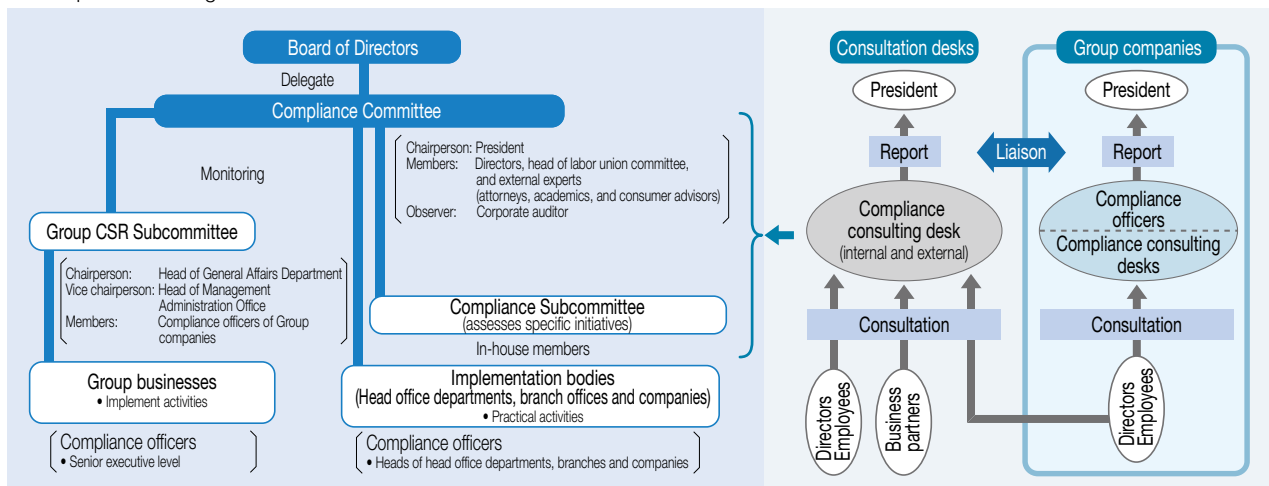
Compliance Committee

The president chairs this body, whose members include directors, attorneys, academics, consumer advisors, and the chairperson of the Company's labor union to ensure objectivity and transparency.

This committee meets semiannually to deliberate on and propose compliance management policies and responses and to monitor progress.

For example, it reviews the *Compliance Action Guidelines*, educates and trains employees, and monitors compliance awareness by issuing questionnaires to the parent and Group companies.

▼ Compliance Management Structure



Compliance Action Guidelines

We implemented these guidelines in December 2002 and have issued copies to all directors and employees since then. The guidelines offer standards of conduct to those who need guidance and provide specifics on maintaining relationships with customers, shareholders, and investors.

In FY 2006, we updated the guidelines in response to recent developments and held explanatory meetings for employees and took other steps to ensure awareness of the changes.

Guideline Contents

- Building customer trust
- Maintaining stable supplies of high-quality electricity and ensuring safety
- Establishing good ties with business partners
- Competing fairly
- Public hearing activities
- Strictly following procedures in seeking authorization and submitting reports

[Compliance Action Guidelines Web site \(in Japanese only\)](http://www.kyuden.co.jp/csr_compliance_04)
http://www.kyuden.co.jp/csr_compliance_04

Raising Employee Awareness Through Education and Training

We provide all employees with ongoing education and training through seminars and e-learning on our *Compliance Action Guidelines* and departmental action guidelines.

Another way in which we raise awareness of compliance is through our personnel ratings. They encompass such issues as corporate ethics and assess employees on whether they perform their tasks in keeping with compliance requirements.



Compliance Promotion Month

January is Compliance Promotion Month for all Group companies.

In FY 2007, we held a seminar for parent and Group company executives at which a guest university professor analyzed specific corporate breaches of conduct and presented ideas on corporate compliance. Our business sites also held lectures and study sessions.



Compliance Awareness Surveys

We conduct and monitor employee awareness surveys for the parent and Group companies, identifying key issues so we can pursue further improvements.

Results of Compliance Awareness Survey Conducted January Through April 2008

Score: 78 points out of 100
 (compared with 74 points in 2007)

Number of respondents: 18,008 employees of Kyushu Electric Power and Group companies
 (15,887 in 2007)

Sample survey questions:

- Can you trust your company?
- Does your work site use double checking to prevent breaches of conduct?
- Do you understand and adhere to the *Compliance Action Guidelines*?

Assessment methodology:
 A maximum score of 100 is possible with “Yes” and “Somewhat” answers out of the following:
 1. Yes 2. Somewhat 3. I’m unsure 4. Not much and 5. No

Compliance Intranet

In October 2007, we launched an intranet site to centrally manage the latest compliance information and best practice examples.

The move was part of an effort to share information Groupwide and encourage dialogue and education relating to that knowledge at work sites and departments and thus enhance employee compliance.

Intranet Site Contents	
○ Compliance structure	○ Conferences
○ Progress	○ Case studies
○ Promotional and educational tools	○ Case studies from other companies



Compliance Consulting Desks

We set up compliance consultation desks in February 2003 to prevent or quickly identify legal and ethical violations. In April 2005, we began external counseling services for Group companies through a law firm.

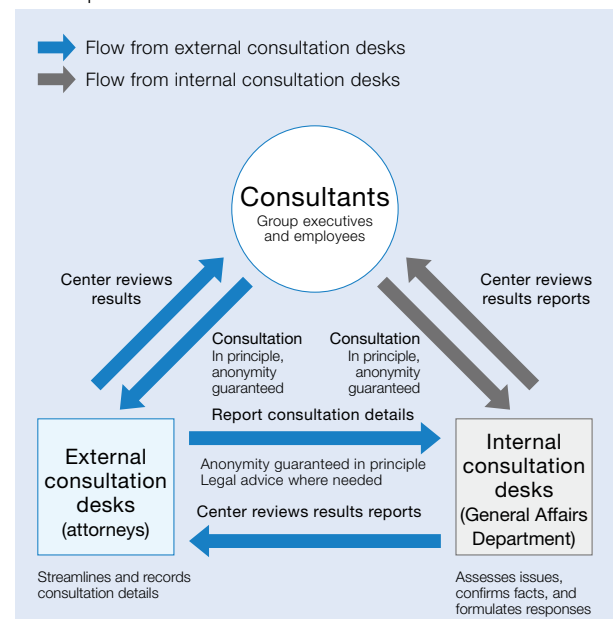
The rules for creating and running compliance consulting desks mandate complete confidentiality for all users. It is forbidden to treat any user unfavorably for using or making reports through these services.

In FY 2007, there were 40 cases in which people sought consultation or reported compliance abuses (see below).

Compliance Abuse Consultations and Reports in FY 2007	
• Doubts about operational practices	13
• Complaints about employee conduct	17
• Consultations about the law	6
• Other consultations and queries	4

Note that we maintain a sexual harassment advice desk (see page 41).

▼ Compliance Consultation Desks



Antimonopoly Act Compliance

We produced the *Antimonopoly Act Compliance Manual*, distributing a copy to each employee through our intranet. This publication enhances understanding of the contents of that legislation and describes the types of conduct that would violate the act. We review the manual following

legislative changes and inform all employees accordingly.

We will continue to provide legislative updates and hold companywide seminars on this act to deepen employee awareness of the need to satisfy legal requirements.

Securing fairness and transparency in the use of transmission and distribution system of electric power

We adhere strictly to regulations governing activities and network usage to secure fair use of our transmission and distribution system of electric power and transparent wheeling services.

We will ensure fair and transparent information management by continuing to comply with regulations.

 Transmission regulations Web site (in Japanese only)
http://www.kyuden.co.jp/company_liberal_rule

Initiatives to Properly Identify Information on Revised Laws and Ordinances

In November 2007, we launched a system to collect and manage information on the latest revisions to laws and ordinances. The move was part of a drive to accurately identify information

on relevant revisions and modify our operations accordingly. We are disseminating this information internally to prevent violations stemming from insufficient awareness of legal information.

Group Company Compliance

The Charter of Conduct governs all Group companies. Like the parent, they also have their own conduct guidelines and Consultation desks to reinforce compliance.

The Group CSR Committee and our Compliance Committee discuss and coordinate Group compliance management (see page 19).

Preventing Recurrence of Violations in Light of Results of Power Generating Facilities Inspections

In March 2007, we filed a report with the Ministry of Economy, Trade and Industry on the results of inspections of power generating facilities. We have since taken steps to fully identify the causes of violations identified in the report and prevent recurrences.

For example, the president and other senior executives visited our business sites to talk directly with employees and foster their understanding of compliance requirements. We are also building a workplace culture that prevents violation recurrences by bolstering awareness education and training.

We are reinforcing education and training in laws and ordinances relating to operational management and have created a clerical procedures check system.

We will confirm the progress and results of these initiatives and will strive to restore public trust by preventing violations from recurring.



Discussion between president and employees

Procurement activities and Fuels in Keeping with CSR Commitment

Our activities in these areas are in keeping with our Basic Policy for Procuring Materials and Fuel, laws and ordinances, and such CSR priorities as safety and the environment.

It is essential to build trust with business partners so we can secure their understanding and cooperation in our procurement activities.

A Japanese-language Web site presents our Basic Policy for Procuring Materials and Fuel and a list of requests for suppliers. We have sent other information to vendors and have visited

them as part of ongoing efforts to enhance their familiarity with our requirements.

 [Materials and fuels sourcing Web site \(in Japanese only\)](http://www.kyuden.co.jp/company_procurement_shizai_policy)
http://www.kyuden.co.jp/company_procurement_shizai_policy

Contents of Basic Policy for Procuring Materials and Fuel

1. Open procurement
2. Fair and equitable business activities
3. Compliance with laws, ordinances and social norms
4. Environmental considerations
5. Safety assurance
6. Ensuring information security and protecting personal information
7. Compliance with contracts and good faith performance of contracts
8. Promotion of communication to establish mutual trust
9. Creation of new values
10. Contributing to society and communities

Supplier Requirements

1. Meeting legal and social requirements
2. Meeting contractual obligations
3. Safeguarding the environment
4. Maintaining safety
5. Protecting information
6. Ensuring reliable deliveries
7. Offering good after-sales service
8. Offering reasonable prices and maintaining and improving quality and technical expertise
9. Communicating well

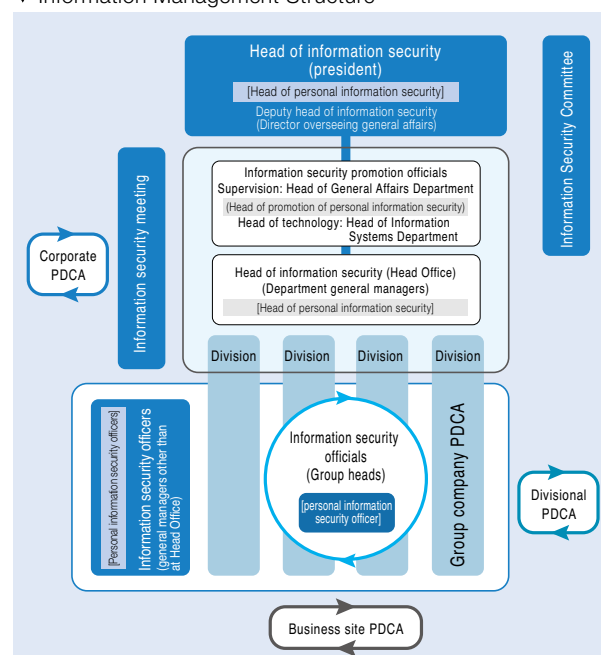
Initiatives to Ensure Information Security

Information Management Structure

The president is ultimately responsible for managing information securely. The heads of head office departments, business sites and Group operations oversee security at their respective operations to safeguard internal and personal information.

The president chairs the Information Security Committee. We also have the Information Security Managers Committee, which comprises the general managers of head office departments. These bodies ensure that all Group operations properly use PDCA cycles.

▼ Information Management Structure



Information Security Measures

We deployed measures in FY 2007 based on third-party checks of the operation of the management structure deployed in FY 2006. In FY 2008, we will continue to tackle issues identified in our PDCA cycle to further enhance information security.

The following details the progress in our initiatives.

● Organizational measures

In FY 2007, we drew on the results of a third-party check of our measures to revise related rules and improve operations while undertaking voluntary inspections at all of our business sites.

We will continue to ensure compliance with relevant regulations and will survey and issue guidance on the Group's information security management.

▼ Main internal regulations

Information security	<ul style="list-style-type: none"> • Basic policies • Management rules • Key handling rules
Personal information protection	<ul style="list-style-type: none"> • Policies • Management rules • Basic guidelines
Others	<ul style="list-style-type: none"> • Key building access management rules • Personal computer usage standards

● Personnel measures

We hold educational seminars for all employees and use e-learning systems.

We will continue to offer educational programs while having officers visit business sites to improve understanding of relevant regulations.



Information security class

● Facility measures

We are installing IC card-based security gates, separating work and visitor areas, limiting access to work rooms and buildings, and keeping doors locked.

● Technological measures

We continue to deploy systems measures for computer usage, notably by broadening our use of encryption software and expanding our use of IC card systems to verify personal identities.

Strengthening Personal Information Management Among Vendors

Article 22 of the Personal Information Protection Act requires companies to properly monitor their vendors. In FY 2007 we surveyed the handling of such information among our contractors and issued instructions to prevent leaks of personal information that we entrusted to them.

We will continue and strengthen such oversight in FY 2008.

▼ Summary of survey of personal information handling among contractors

Period	February through April 2008
Number of checks	181 (including 50 surveys)
Methodology	Identified issues and inspected sites based on survey forms
Resulting issues	Complying with rules on receiving data and managing data passwords

Information Leaks and Preventing Recurrences

There were 22 losses of documentation containing personal information in FY 2007, including losses of receipts for power bill payments and blueprints for constructing customer facilities.

The information could have leaked to third parties in all these incidents, which should not have occurred in the first place. We are thus taking extensive ongoing steps to completely safeguard personal and company information.

Preventing Recurrences

- Strengthen information handling in keeping with regulations
- Continuously educate all employees
- Assess vendors' handling of personal information and request improvements
- Assess Group companies' information security management and request improvements