# **Corporate Social Responsibility Report**

The Kyushu Electric Power CSR Report 2009



# **Editorial Policy**

The Kyushu Electric Power CSR Report is a tool for communicating with stakeholders about the Group's corporate social responsibility position and activities.

This is our fourth such report, which we produced in keeping with GRI Sustainability Reporting Guidelines to solicit feedback from stakeholders, focusing on the areas of greatest interest to those parties and issues with the greatest impact on Group operations.

We invite readers to see the following Web sites for full details.

# Enlighten Our Future

Towards a comfortable and environment-friendly lifestyle today and for generations to come

Report Scope Kyushu Electric Power Co., Inc. and Group companies

#### Period Covered

April 1, 2008 through March 31, 2009 (although some content is outside that time frame)

#### Issue Dates

This report: June 2009 Previous report: June 2008 Next report: June 2010

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#### Disclaimer

This report covers past and present information about Kyushu Electric Power Co., Inc., and Group companies, as well as future strategies and goals. Such descriptions do not guarantee the achievement of such goals, which are subject to uncertainties and risks. Business activities may change in line with the operating environment.

Kyushu Electric Power CSR Report 2009

# Kyushu Electric Power CSR Report 2009

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Glossary terms are located at the bottom of each page.

#### Report Coverage and Tools



# Message from Top Management

# Thinking and acting in tune with local communities to build a sustainable society

# Keep fulfilling our mission of contributing to comfortable and environmentally friendly consumer lifestyles

In more than 50 years since its establishment, Kyushu Electric Power (the Group) has provided a stable supply of electricity that is essential to the daily lives of customers and to community progress. Safety has remained our number one priority. At the same time, we have become more price-competitive while promoting all-electric housing and pushing ahead with nuclear power through pluthermal generation and other initiatives.

The business environment looks increasingly uncertain due to massive fluctuations in crude oil prices, and global financial instability and recession. We believe that the operating environment will change even more over the longer term because global energy demand is soaring. We also face tighter access to energy resources, while global environmental issues are becoming increasingly important.

We will continue to fulfill our mission of contributing to comfortable and environmentally friendly lifestyles for our customers by stably supplying electric power and energy, thereby fulfilling our mission and living up to our brand message, "Enlighten Our Future."

# Create sustainable value for all stakeholders based on Long-term Management Vision and Mid-term Management Policy

Given the dynamic changes in business circumstances and the inherently long-term nature of preparing facilities for our business, in March 2009 we established a Long-term Management Vision for the first time in a quarter of century. The vision shows our long-term goals for providing solutions to challenges that require immediate assessments from medium- and long-term perspectives.

To realize this vision and address the current rapid changes in our situation, we established the Mid-term Management Policy for 2009 to 2011, a management guide that replaces an earlier version.

We will continue to create value for all our stakeholders by undertaking Corporate Social Responsibility (CSR) oriented management while properly responding Groupwide to paradigm shifts.

# Looking ahead to ensure stable power supplies while tackling environmental issues

To address the growing energy security and environmental issues, we are developing our facilities network efficiently to ensure long-term stability. As part of this approach, we are developing more efficient facilities while maintaining their predecessors, thus pursuing a balance of power sources centered on nuclear power generation.

We ensure that our nuclear operations are both safe and stable. We are forming a local consensus and are making steady progress with the construction of the No. 3 unit of the Sendai Nuclear Power Station, which we aim to complete by 2019. We will start pluthermal operations at the No. 3 unit of the Genkai Nuclear Power Station during the current fiscal year. We will also evaluate the reinforcement of our used-fuel storage facilities and the building of intermediate storage sites.

We will strive to develop and deploy recyclable energy, notably wind, solar, hydroelectric and geothermal power, with the aim of making such sources mainstream.

### Embed CSR thinking in the entire Group

In line with our Group Management Basic Policy, we address such issues as compliance management, disclosure, environmental management, human rights, and community contributions through Group CSR subcommittees led by our CSR Promotion Committee.

Last year, the Japan Fair Trade Commission ordered Kyushu Electric Power to delete some text in its pamphlets promoting all-electric housing. While taking steps to prevent such a situation from recurring, we remained determined to publicize such housing from the customer standpoint, asking each employee to consider what truly benefits customers by returning to basics and enhancing compliance awareness.

#### Valuing communications

To enhance our CSR efforts, we have taken every opportunity to publish CSR reports and listen to customers and other stakeholders. We intend to reflect these opinions and requests in our endeavors. We would again like to thank all those who contributed their valuable opinions.

We aim to further improve our CSR activities through such communications, thinking and acting in tune with communities to build a sustainable society.

We look forward to your feedback.

June, 2009

Toshio Manabe President

真部利應



# Kyushu Electric Power's Mission

# "Enlighten Our Future"

#### Towards a comfortable and environment-friendly lifestyle today

and for generations to come

To fulfill this mission, we are dedicated to achieving the following 4 goals:

1 Steady and reliable, Earth-friendly energy

In order for our customers to lead harmonious lives we will provide steady and reliable, Earth-friendly energy, while anticipating global trends and making full use of our advanced technology and abundant experience with energy and the environment.

#### 2 Services that truly satisfy

We will offer services that place the gaining of trust from the customer as top priority. We would like to listen to the various voices of our customers in order to respond to their needs with services that truly satisfy. 3 In company with Kyushu. And to Asia and the world

In company with the people of Kyushu, we will work together to take action while thinking of our children's future and of the prosperity of the region. And from there, we will look to Asia and the world.

## 4 Discovering solutions, and putting them into practice

We will discover solutions that lead to a better tomorrow through honest, sincere and active discussions, believing in people's potential and mutually respecting personalities, and we will put these solutions into practice.

# Kyushu Electric Power Group Management Basic Policy

We at Kyushu Electric Power Group share a basic management policy group-wide which allows for the independence of each company while promoting a common group-wide united management philosophy.

### 1. Basic Philosophy

Kyushu Electric Power Group contributes to the creation of a comfortable, eco-friendly and sustainable society by supplying a stable supply of electricity and energy to our customers and providing services that enhance the quality of their lifestyle and the entire society.

### 2. Management Approach

We will discuss and act in cooperation with all the stake holders involved in our business activities including customers and local society to create a sustainable corporate value.

- We will listen to customers' opinions and sincerely strive to provide high quality products and services that benefit our customers.
- We will pursue fair business activities, take responsible environmental action, and contribute to the community while working toward the creation of a sustainable community and society in collaboration with local communities and society.
- We will conduct fair business transactions with all of our business partners, build mutual trust, and create values together.
- We will establish an organization and operational structure in which all employees can experience growth and satisfaction in their work.
- We will continuously fulfill the needs of society and produce favorable financial results by constantly engaging in activities that bring improvement.

# **Charter of Conduct**

At the Kyushu Electric Power Group, our customers are the focus of our corporate activities. By supplying our customers with energy and related products and services, we sustainably increase our corporate value and grow in harmony with society.

At the same time, we respect human rights both domestically and overseas, and we are developing business operations to contribute to the growth of comfortable and rich society.

To steadily execute our business activities as stated above, the Kyushu Electric Power Group promotes compliance management based on the following principles under the trust and understanding from society.

#### 1. Improve customer satisfaction

We will plan for improvements in customer satisfaction by providing valuable products / services for customers safely and surely, and thoroughly protect personal data.

#### 2. Honest and fair business activities

We will promote fair, transparent and free competition and sound trade, and effect honesty and fair business activities, for instance, in the maintenance of sound and proper relationships with politics and administrations.

#### 3. Develop a safety first culture

We will foster a safety first culture which prioritizes not only employee safety but also public safety, in addition to measures to improve technology and equipment.

#### 4. Communication activities

We will meet the demands of society by active information disclosure and communication with members of society at large. And, we will immediately and exactly reflect them in our business activities.

#### 5. Promote environmental management

We will promote environmental management through measures concerning global environmental issues, and work to establish a recycling-oriented society.

#### 6. Contribute to local communities and society

Through our business and philanthropic activities, we will cooperate with local communities and society, and contribute to them.

### 7. Develop an open and fair corporate culture

We will respect the diversity, character and individuality of our employees and guarantee them fair in treatment in the training and application of their talents, while providing them with a comfortable and enriching working environment.

#### 8. Coordinate with the global society

We will observe laws and regulations applying to our overseas activities and respect the cultures and customs of other nations, and strive to manage our overseas activities in such a way as to promote and contribute to the development of local communities.

#### 9. Comply with laws

We will comply with all laws and rules, and we will reject all contact with organizations involved in activities in violation of the law or accepted standards of social behavior.

# 10. Act up to the spirit of this charter and fulfill upper management's responsibility

Upper management must recognize that their duty is to act up to the spirit of this charter, and must take the lead and get an effective internal system ready. Also, they must make this charter widely known to suppliers, after thoroughly educating employees in its spirit.

If a violation of the law or charter occurs, upper management must take the initiative to solve the problem, seeking out the causes and taking immediate and corrective measures and carrying out recurrence preventive measures. Also, disciplinary action should be taken, including against upper management if necessary.

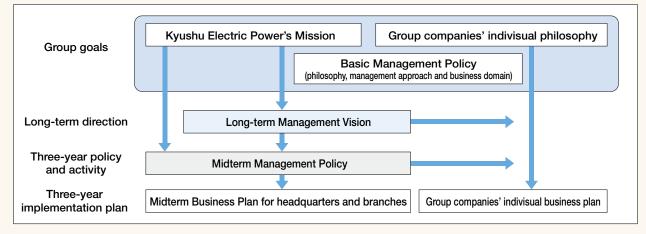


# Formulating our Long-term Management Vision and a new Midterm Management Policy

To realize Kyushu Electric Power's Mission and live up to our brand message "Enlighten Our Future," we established a Long-term Management Vision for the first time in a quarter of a century. We took this step in view of our forecasted changes in the business climate and the nature of our business, and to address issues requiring immediate assessment.

At the same time, we established a new Midterm Management Policy for FY2009 through 2011 to clarify management tasks in fulfilling this vision.

### Our Philosophy, Vision and Plan



#### Outline of Long-term Management Vision

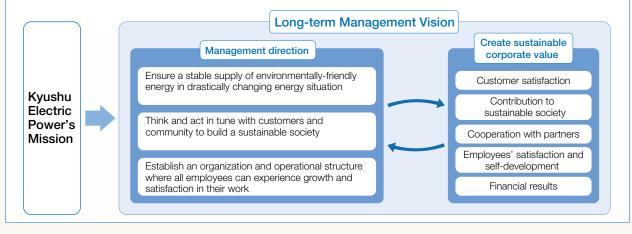
### 1. Long-term Business Environment Forecast

- Increasing importance of energy security and global environmental issues
- Accelerated changes in energy demand structure
- Increasingly aging power facilities
- Diversification of lifestyles and values, changes in personnel situation with the falling birthrate and the aging population.

### 2. Management Direction

- Ensure a stable supply of enviroment-friendly energy even in a dramatically changing
- Think and act in tune with our customers and the community to build a sustainable society
- Establish an organization and operational structure in which all employees can experience growth and satisfaction in their work

### Value Created through Business Activities



# TOPIC



Management Philosophy

### **Outline of Midterm Management Policy**

#### Basic Standpoint

#### 1. Management Position

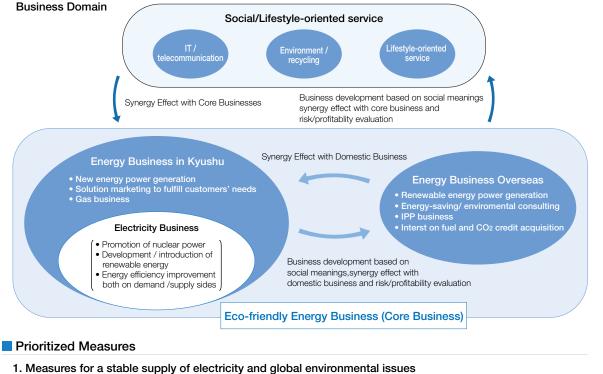
To realize Kyushu Electric Power's Mission and live up to our brand's message of "Enlighten Our Future," we will provide continuous value to all the stakeholders involved in our business activities by responding to the dramatic changes properly and conducting businesses based on the CSR viewpoint.

#### 2. Time-series Positioning (FY2009 to 2011)

A period to launch measures to respond to various issues which require immediate investigation with mid to long term perspective based on Long-term Management Vision while responding properly to challenges in the current drastically changing business environment.

#### Business Domains

- OWe will actively develop businesses centered around an environmentally-friendly energy business.
  - Energy business in Kyushu: As a responsible utility company in Kyushu, we will actively work on energy and global environmental issues.
  - Energy business overseas: By utilizing our own techniques and expertise, we will contribute to a stable supply of energy, an improvement in efficiency in the countries/region we develop, as well as contributing to global CO2 reduction.
- OBy utilizing our own tangible and intangible management resources, we will develop socially meaningful lifestyle-oriented service businesses.
- OWe will develop businesses based on the needs of society, a synergy effect with other businesses and a valuation of the associated risks and profitability.



- 2. Highly value-added services that fulfill both comfort and eco-consciousness
- 3. Contributions toward establishing sustainable society in Kyushu, Asia and worldwide
- 4. Measures to enhance an account structure capable of handling changes in circumstances
- 5. Personnel enhancement to attract the next generation's workforce



# **Ensuring Eternally Stable Supplies** of Environmentally Friendly Energy

Initiatives to ensure stable supplies and respond to global environmental issues

# Long-Term Energy Prospects

Close Up

One

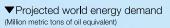
Over the long term, we expect the global energy demand to keep rising, in line with population growth and the development of emerging economies. Oil, coal, and other fossil fuels currently serve the bulk of the demand for energy. However, these resources are limited and supplies will become increasingly scarce.

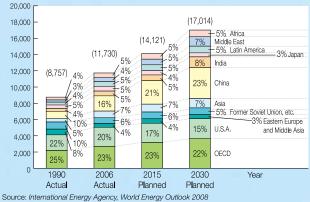
At the same time, it is imperative to slash emissions of CO<sub>2</sub> and other greenhouse gases, and we must constantly address this environmental issue.

Electricity accounted for around 25% of energy consumption in Kyushu in 2005, with Kyushu Electric Power providing 20% of the area's energy. Consumption of electricity has been rising.

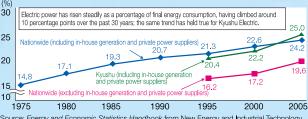
Electrification will probably increase because of the convenience and economic advantages of this power source. We thus believe that our basic mission of ensuring stable electricity supplies will become more important.

Therefore, we will continue to develop power resources, centered on nuclear power, which offers excellent supply stability, low environmental impact and it is economical. At the same time, we will harness renewable energy sources, such as solar and wind power, and enhance our thermal efficiency. We believe that it is important to take steps to alter the entire energy demand structure of Kyushu by converting to non-fossil fuel energy and working with customers and communities to conserve energy. We can thus contribute to building a sustainable society in Kyushu, with energy at its foundations.





Electric power as proportion of final energy consumption



Source: Energy and Economic Statistics Handbook from New Energy and Industrial Technology Development Organization

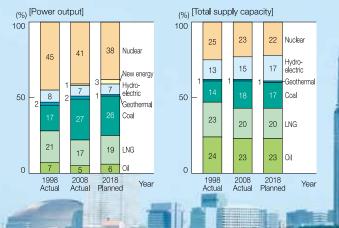
Fossil Fuel usage as proportion of Kyushu's final energy consumption (in 2005)

	1	Со	mme I	nercial		Liquid p	oetroleun	n gas	as City (		gas Geothermal powe		ər	
	Coal				Oil 46.6						Electrici (19.6% from K		ric)	
	14.4	2.8	6.0	Industrial 8.3		sportation 29.5		5.5	5.	.7	Fossil Fuels 13.0	Other Fue 12.0	els 2.	8
	, Hoi	isel	nold											5
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(%) Note: Final energy consumption excludes raw materials consumption

Sources: Energy Consumption Statistics by Administrative Region by Agency for Natural Resources and Development of Economy, Trade and Industry and statistics of Ministry of Land, Infrastructure and Transport

#### Fuel source diversification plans (including power sourced from other companies)



Greenhouse gases Renewable energy

Sustainable society New energy

Global environmental issues Liquefied natural gas Non-fossil fuel energy

# Harnessing Nuclear Power as a Key Energy Source

Nuclear power is our key energy source because it offers supply stability, low environmental impact and it is economical. In its Basic Energy Plan, revised in March 2007, the Japanese government declared that it will continue to promote and position nuclear power as a key, safe energy source.

While ensuring the security and safety of existing nuclear power plants, we will construct the No. 3 unit of the Sendai Nuclear Power Station and undertake pluthermal power initiatives. We will reinforce spent fuel storage facilities and consider intermediate storage sites.

### Initiative to Build No. 3 Unit of Sendai Nuclear Power Station

We are working on plans to build the No. 3 unit of the Sendai Nuclear Power Station, which will ensure stable electricity supplies economically while reducing our overall CO<sub>2</sub> emissions. Following an environmental research effort at Sendai Nuclear Power Station that we started in October 2003, we confirmed that we can build this

▼Sendai Nuclear Power Station



new unit. In January 2009, we submitted the research results to the governor of Kagoshima Prefecture and the mayor of Satsuma-Sendai City. We then applied for a construction permit.

To proceed, it is crucial to gain the understanding and cooperation of the community, and thus we established the Sendai Nuclear Power General Office in Satsuma-Sendai in March 2009 to undertake community-based initiatives.

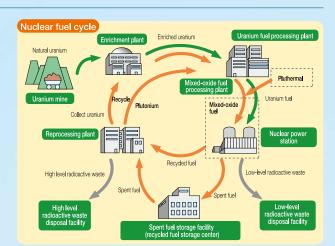
### **Gradual Pluthermal Deployment**

To ensure stable supplies, Japan will have to compensate for a lack of natural resources by establishing a nuclear fuel cycle that reprocesses spent fuel discharged from nuclear power plants to create new fuel.

As part of these efforts, it will be necessary to gradually deploy pluthermal generation, which uses recycled plutonium from the reprocessed spent fuel of light-water reactors.

We plan to load mixed-oxide fuel in the No.3 unit of the Genkai Nuclear Power Station under a regular inspection regimen that will begin in late August 2009.

Glossary



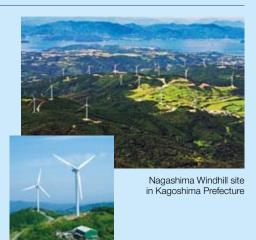
# Initiatives to Deploy More Renewable Energy

Kyushu Electric Power has developed and deployed such renewable energy sources as wind, solar, hydroelectric and geothermal power. In this section, we present some of our initiatives.

#### 1. Nagashima Windhill Starts Commercial Operations

The Nagashima Wind Power Station owned by Group company Nagashima Windhill Co., Ltd., started operating commercially in October 2008. Construction began in October 2005. The facility is located in Nagashima Town in the northwest of Kagoshima Prefecture, a perfect location for wind generation. This is because it enjoys stable wind conditions year-round, as it faces the East China Sea.

The facility is Kyushu's biggest wind power station, with a total capacity of 50,400 kilowatts. It features 21 domestically made windmills that are the largest in their class in Japan. Each windmill is 70 meters high, with blades spanning 92 meters and a rated capacity of 2,400 kilowatts. The station should generate about 100 million kilowatts of electricity per year, equivalent to reducing annual CO<sub>2</sub> emissions by 40,000 metric tons.



# 2. Japan's First Geothermal Binary Power Plant

Kyushu possesses massive geothermal resources. Indeed, one of Japan's biggest geothermal facilities is our Hatchobaru Geothermal Power Station. Its total capacity is about 210,000 kilowatts, accounting for around 40% of the nation's geothermal capacity. In April 2006, the 2,000 kilowatt Hatchobaru Binary Power Station



Hatchobaru Geothermal Power Station in Kokonouecho, Oita Prefecture

started operating commercially at the site of the Hatchobaru Geothermal Power Station. A first for Japan, this recent facility uses low-temperature geothermal energy that conventional setups could not tap. In April 2009, the New Energy and Industrial Technology Development Organization ranked both the binary power station and Hatchobaru Geothermal Power Station in the Shin Ene top 100 best applications of new energy list.

Compared with other renewable energy sources, geothermal power provides stable supplies year-round. We will continue to survey and collect information for new development opportunities, assessing potential new geothermal sites.

### 3. Installing Mega Solar Power System at Idle Site of Former Minato Power Station

We are currently installing a mega solar power system with a total capacity of 3,000 kilowatts at the idle site of the former Minato Power Station in Omuta, Fukuoka Prefecture. We plan to start operations in FY2010. This facility will be Kyushu's biggest solar power station, cutting our annual CO<sub>2</sub> emissions by about 1,300 metric tons.

We are looking to install solar power systems at all our operating and idle sites. With the Japanese government introducing a feed-in tariff system for solar power, we look for solar power generation to become much more widespread in the future. We will therefore act on such technical issues as voltage and frequency fluctuations when connecting systems to the power grid.



Computer-generated image of mega solar power system

Kyushu Electric Power CSR Report 2009

Shin Ene top 100 best applications of new energy

Renewable energy

# 4. Initiatives for Biomass Power Generation

Group company Miyazaki Biomass Recycle Co., Ltd., is the biggest biomass power plant in Japan. It runs on poultry droppings, burning 130,000 tons of this material annually to generate 11,350 kilowatts per year. The burned ash then becomes an attractive fertilizer. In April 2009, that company also received a Shin Ene 100 ranking for its new energy usage.

Fukuoka Clean Energy Co., Inc., which we established together with the city of Fukuoka, generates 29,200 kilowatts from burning household waste. This company also contributes significantly to recycling.



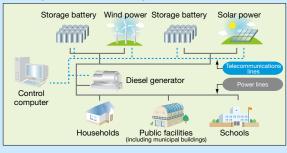
Miyazaki Biomass Recycle Co., Ltd. in Miyazaki Prefecture

# 5. Studying Microgrid System for Outlying Islands

We supply electricity to outlying islands through conventional diesel generating systems. We are looking into power supply systems that match the features of these islands. As a part of this initiative, we are building a microgrid that augments diesel generation with renewable energy systems, such as solar and wind power and storage batteries.

The microgrid system stores electricity generated during the daytime from solar or wind power in storage batteries, which provide nighttime service. This testing program is running from 2009 to 2012.

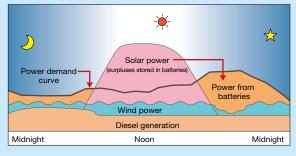




We are also promoting renewable energy by developing a hydroelectric dam that drains fluviatic residual flows.

We aim to fulfill Renewables Portfolio Standard requirements through these initiatives.

Power supply balance



#### Renewable energy production and targets

		Power (Billions		Total supply capacity (Thousands of kW)		
		FY2007	FY2017	FY2007	FY2017	
	New energy	12	28	79	224	
	Wind power	4	16	25	100	
	Solar power	2	6	30	100	
	Biomass, etc.	6	6	24	24	
Hydroelectric power (except pumped storage)		45	58	185	186	
	Geothermal power	14	16	21	21	
	Total	71	102	285	431	

Notes: 1. Plans reviews for geothermal, biomass and other sources. Current sources under development are those that surveys have revealed can be developed. 2. Data includes supplies from excess power contracts with other companies

# **Making Thermal Power More Efficient**

We use liquefied natural gas, coal, and other resources to ensure stable, long-term supplies of fuel for thermal power generation. We are raising generating efficiency in response to environmental issues and to use energy more efficiently.

A good example is our plan to gradually replace six turbines at the No.1 unit of Shin Oita Power Station with more efficient models between 2009 and 2012. This would lift thermal efficiency by around three percentage points. We will install four 400,000 kilowatt advanced combined cycle turbines at the No. 3 unit of Shin Oita Power Station in 2016.



LNG-fired Shin Oita Power Station

# Services that truly satisfy

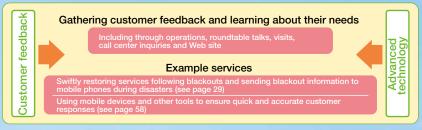
Added-value services balance comfort and environmental concerns

# Better Interaction with Customers

We take every opportunity to gather customer feedback and learn about their needs through roundtable talks, visits and other means. We deliver optimal services that draw on information technology and other advanced tools.

Close

#### Deploying optimal services



### Kyushu Electric Power Advisor System

Under this system, external experts from each prefecture in Kyushu directly advise the president, executive vice president and other senior executives on all aspects of operations.

#### **Roundtable Talks with Customers**

Our customer service office holds gatherings with local community leaders and other customers to obtain suggestions for our operations.

### **Seeking Dialogue**

Every October we conduct a campaign to thank our customers, taking numerous opportunities during that time to deepen our dialogue with them and local community leaders.

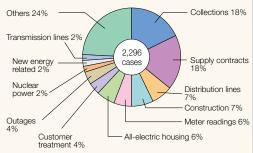
### Soliciting Feedback When Dealing with Customers

We instituted a program to obtain more customer feedback by having employees at call centers and in the field solicit other opinions.

#### **Rainbow System**

We built this system to allow all employees to input and retrieve customer opinions on their computer terminals. This setup shares opinions from daily operations, meetings and visits. We internally disseminate the information and reflect it in our business plans and operational improvements to bolster customer satisfaction.

- ▼ Rainbow System Inputs in FY2008
- Customer opinions by category



#### Examples of improvements in response to customer feedback

Subject	Customer opinions	Our responses
Meter readings	The environment is a very topical subject. How about including environmental information on meter slips, such as by showing CO <sub>2</sub> that each customer emits from consuming electricity?	In October 2008, we began presenting our formula for CO <sub>2</sub> emissions from electricity consumption on meter slips. Customers CO <sub>2</sub> emissions in kilograms=electricity consumption in kWh x 0.387 (a coefficient based on our FY2007 emissions)
Fee collections	I asked to pay my power bills by electronic transfer and received an application form. When I later said I would prefer to pay by credit card I was told I had to fill out a different application form. This process took considerable time. I wonder if you can unify the application form?	We created a single application form that offers payment options.
Electricity contracts	There have been fraudsters posting as employees of Kyushu Electric or one of its affiliates. Shouldn't you publicize this to prevent more people being victimized?	We ran a television commercial to inform people and included a notice in television programs that we sponsor. In March 2009, we raised public attention through warnings on the backs of meter slips and on our Web site. We also distributed flyers before regular inspections by representatives of the Kyushu Electrical Safety Inspection Association.

# Proposing Comfortable and Energy-Saving Lifestyles

# Comfortable and Energy-Saving Lifestyles

Customers are fast becoming concerned about environmental and energy issues. We think with our customers in mind about energy-saving lifestyles that are both comfortable and environmentally-sound, and consider simple ways to address them in using electricity.

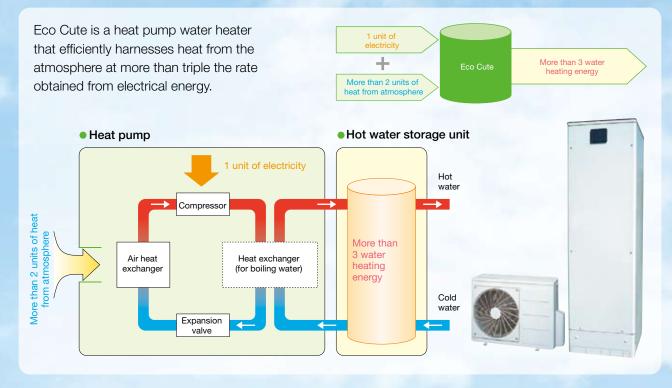
#### Specific initiatives

- Gathering energy-saving ideas from customers
- Active sales promotion to save energy
- Promoting all-electric housing centered on energy-efficient Eco Cute
   equipment

#### Energy-saving goal

Cut CO2 emissions by 90,000 metric tons annually in FY 2009

# Eco Cute, an Environmentally-Friendly and Efficient Electric Water Heater



#### **Providing Information on Saving Energy**

We distribute pamphlets to customers that show how easy it is to save energy and publicize energy-saving ideas through our Web site and television commercials. Home advisers at our branches hold classes that show customers how to use electricity more efficiently.



# Optimal Services for Corporate Customers

#### **Marketing Total Solutions**

Account managers at each customer service office help us to better address the issues and needs of corporate customers. The managers draw on Group resources to handle comprehensive energy requests and counseling needs, create fee proposals that reflect power consumption and consult on electric kitchens, electrical air-conditioning and energy-saving ideas.



# Customer Appreciation Campaign

We undertake Companywide initiatives to deepen customer trust. A highlight is our annual Customer Appreciation campaign between October 20 and 31, as part of which top executives and employees alike visit customers from various locations, hold roundtable talks, and check the wiring of valuable cultural facilities and the homes of elderly customers.

Distributing seedlings (Headquarter and Fukuoka branch office)



Gateball game (Genkai Nuclear Power Station)



Yosakoi Water Station Volunteers (Sasebo customer service office)



Cutting trees at Aoi Aso Shrine (Hitoyoshi customer service office)



Yukari-Gakuen visit (Kagoshima customer service office)

# **Group Company Initiative**

#### Kyudenko Corporation's Sawayaka Community Season Initiative

This effort started in 1969 with what was then called Service Month. Kyudenko personnel inspect equipment and clean around local important cultural and welfare facilities, aiming to make root of community by contributing to the happiness of local residents.





Digging up potatoes (lizuka Power Sysytem Maintenance office)



Cleaning up Oita Castle ruins (Oita branch office)



Open Day (Miyazaki Power System Maintenance office)

16

# **Basic Corporate Governance Framework**

We aim to generate sustainable value for all stakeholders in keeping with "our mission", engaging in operations that are socially meaningful from a long-term perspective. It is a top management priority to strengthen corporate governance to ensure that we do business appropriately.

The Board of Directors and the Board of Corporate Auditors oversee corporate governance. Directors handle monitoring while executive officers focus on implementation. We undertake ongoing efforts to strengthen oversight and compliance management systems, and formulated our basic corporate governance policy to maintain healthy management.

# **Board of Directors**

In principle, this body meets monthly, and whenever it is otherwise necessary, to decide on important corporate management matters and monitor the progress of executive officers. We have taken steps to revitalize this board and strengthen oversight. For example, we had 14 directors at the end of April 2009, compared with 24 at the close of June 1998. We have had one external director since June 2001.

The Board of Managing Directors considers matters that require further discussion before a Board of Directors' decision, and decides on important executive issues.

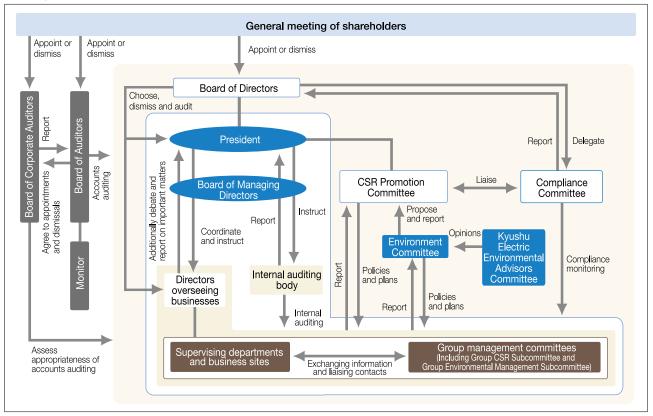
Each division and branch office has an executive officer to accelerate decision making and streamline operations.

# **Board of Auditors**

Auditors attend important gatherings, including those of the Board of Directors. They conduct hearings for all divisions, consolidated subsidiaries and other business units, and otherwise handle auditing for the Board of Directors. In principle, the Board of Auditors meets monthly to debate on and make resolutions about reports on laws and ordinances and important matters relating to the articles of incorporation.

The Corporate Audit Office assists this body.

▼Management structure





### **Internal Auditing**

The Management Administration Office assesses compliance and business implementation at all divisions and branch offices to ensure that they operate properly and efficiently.

Staff from this office audit quality assurance systems for safety initiatives at nuclear and thermal power stations and other important facilities.

#### **Risk Management**

Based on our risk management rules, we identify, categorize and assess risks, clarifying material Companywide and any business threats. Each division and business office produces contingency plans to manage clear general and specific risks.

We have established rules for a response structure and procedures to properly address disasters and other emergencies that could significantly affect operations and society, and also regularly conduct drills.

#### **Ensuring Proper Group Operations**

To ensure that the Group operates properly, we follow "Kyushu Electric Power Group Management Basic Policy" that we created to present our mission and management approach. We keep tabs on Group operations by seeking reports from Group companies on their business plans and results, while holding prior discussions with them on matters that may materially affect our management.

We ensure that Group companies adhere to our Charter of Conduct, and encourage them to formulate their own conduct charters and set up internal consulting desks on related issues.

Conferences of key Group companies aim to expand our Groupwide information network.

Our internal auditing body assesses Group companies as needed.

#### Structural Components of Basic Corporate Governance Policy

- 1. Ensuring that directors comply with legal requirements
- 2. Storing and managing information on the activities of directors
- 3. Risk management
- 4. Efficiency of directors in performing their duties
- 5. Ensuring that employees comply with legal requirements
  - Ensuring compliance
  - Internal audits
- 6. Proper operation of Group companies
- 7. Effectiveness of auditors
- Auditor assistants
- Autonomy of auditor assistants
- Reports to auditors from directors, executive officers and employees
- Effectiveness of other auditor assessments

# TOPIC

#### **Bolstering Risk Management**

We are strengthening risk management so we can continue to fulfill our mission of maintaining stable supplies of electricity if operational threats arise.

In FY2008, we evaluated the effectiveness of our risk management structure by conducting drills assuming worst-case scenarios that involved everyone, including top management. We looked into stockpiling emergency food supplies and deploying systems to confirm employee safety, and installed satellite phones at all business sites as part of efforts to maintain business continuity.

At the end of April 2009, we set up emergency units at each business site to tackle the threat of a new influenza epidemic in light of outbreaks in Mexico and recommendations from the World Health Organization and the Japanese government. We checked the health of all employees and undertook comprehensive steps to maintain operational continuity if the disease spreads.



We are building a CSR management cycle that utilizes the CSR Report as a tool for communicating our initiatives and efforts to reflect feedback from customers and other stakeholders in our operations.

# **CSR** Promotion Committee

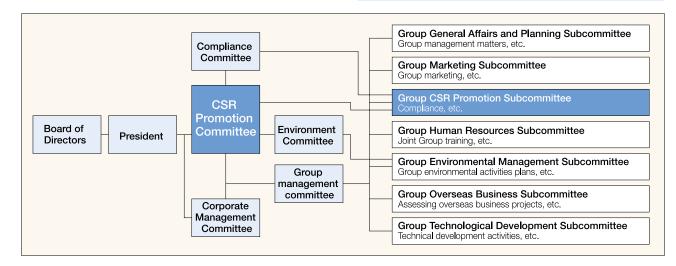
We appointed one director to oversee our CSR management structure. The president chairs the CSR Promotion Committee, which formulates our CSR action plans and deliberates on our CSR Report as part of efforts to bolster our capabilities.

# Group CSR Promotion Subcommittee

We established this body to foster groupwide CSR efforts, ensure understanding of our action plans and implement plan-do-check-act (PDCA) initiatives.

Group CSR Promotion Subcommittee Overview
Roles
Ensure Group understanding of our CSR policies and plans and formulate Group CSR Action Plan
'
Members
Chairperson: General manager of General Affairs Department
Members:Representatives of 45 Group companies (as of the
end of May 2009)
Meetings
In principle, in April and October

In principle, in June, October and March



#### TOPIC

#### **CSR Seminar**

On September 8, 2008, we held a CSR seminar for the senior executives of Group companies, including their presidents.

Atsushi Nishiyama from the Nara National Museum spoke on the significance of the Great Buddha at Todaiji Temple, notably that it was the fruit of the small but significant contributions of numerous people. He noted one lesson from Buddhism which states that it is important for people to help each other, as true value comes from understanding that everything is interdependent.

The seminar reconfirmed that caring and consideration for others are crucial to pursuing CSR.

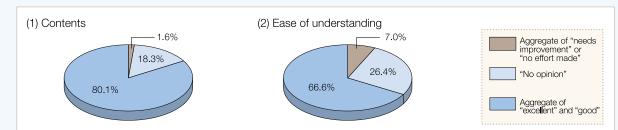




# Results of the Questionnaire Survey relating to the Japanese Version of the 2008 CSR Report

## Outline

- Conducted from June 25, 2008 through May 31, 2009 Number of responses: 896
- 1. Assessments of Report



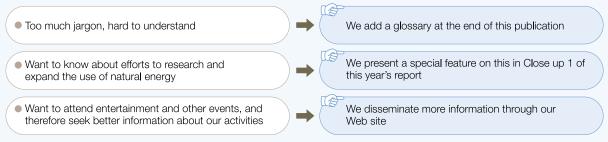
# 2. Assessments and Opinions about the Company's Efforts

Issue	Rating	(%)	Main opinions
	20 40	60 80	·
Compliance management	86.1	11.6 2.3	<ul> <li>The Group's efforts to steadily implement compliance look promising</li> <li>I want you to step up measures to manage personal information and prevent recurrences of data leaks</li> </ul>
Disclosure	81.5	14.4	<ul> <li>I want you maintain proactive disclosure, which demonstrates a sense of company responsibility and builds trust</li> <li>I hope you proactively disclose even negative information</li> </ul>
Environmental management	85.9	11.5 2.6	<ul> <li>I want you to increase your research and usage of natural energy</li> <li>I would like you to keep presenting suggestions on saving energy and disseminating environmental information</li> </ul>
Human rights and employee care	81.4	15.9	<ul> <li>It is important to enhance employee morale, as this translates into better customer service</li> <li>I want you to employ more physically and mentally disadvantaged people</li> </ul>
Adherence to safety-first principle	82.9	14.4	<ul> <li>I would like you to maintain stable energy supplies without compromising your commitment to making safety your top priority</li> <li>I want you to reinforce your management of nuclear power safety</li> </ul>
Community contributions	84.9	11.5 3.6 —	<ul> <li>I want you to collaborate with communities, which deepens understanding and trust</li> <li>I want to attend your entertainment and other events, so please better inform us about your activities</li> </ul>
Overall assessment	89.7	8.6	
Aggregate of "excellent" and	"good"	"No opinion"	Aggregate of "needs improvement" and "no effort made"



1. Close up 1: Ensuring Eternally Stable Supplies of Environmentally Friendly Energy	402 (44.9%)
2. Community Contributions	351 (39.2%)
3. Close up 2: Services that truly satisfy	324 (36.2%)
4. Ensuring Nuclear Power Safety	314 (35.0%)
5. Ensuring Safe Products and Services	
6. Environmental Management	

### 4. Main Stakeholder Opinions and Improvements



# We greatly appreciate stakeholder feedback to last year's report. We would appreciate your responses to our questionnaire for this year's version at the end of this report.



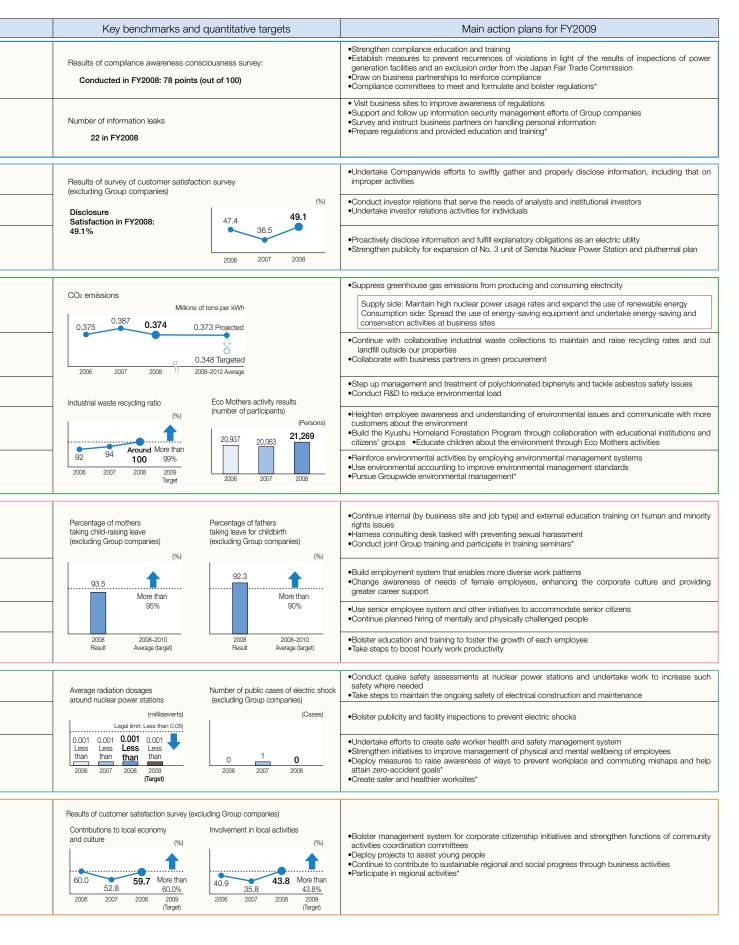
# FY2009 Group CSR Action Plan

	laure	Main D/0000 achievenests (actoriales indicate Overwords offerts)
	Issue	Main FY2008 achievements (asterisks indicate Groupwide efforts)
Compliance	Strengthening compliance and conducting fair and ethical business activities	<ul> <li>Implemented compliance education as part of hierarchical and optional training</li> <li>Enhanced compliance through collaboration with key business partners</li> <li>Compliance committees met, and formulated and bolstered regulations*</li> </ul>
management → Page 23	Strengthening security structure to safeguard personal and other information	<ul> <li>Visited business sites to improve awareness of regulations</li> <li>Surveyed information security management at Group companies</li> <li>Surveyed and instructed business partners on handling personal information</li> <li>Prepared regulations and provided education and training*</li> </ul>
	Reinforcing disclosure structure	•Broadened public relations reach after earthquakes and other disasters by harnessing such delivery channels as radio and the Internet
Disclosure	Conducting investor relations activities	•Executives continued holding investor relations meetings •Updated our investor relations Web site
→ Page 29	Disseminating nuclear power information	<ul> <li>Pursued public relations on pluthermal power generation</li> <li>Stepped up publicity on efforts to combine nuclear power, energy savings and new energy sources</li> <li>Disclosed nuclear power information and explained issues to local government bodies</li> </ul>
	Tackling environmental problems	•Suppressed greenhouse gas emissions from producing and consuming electricity
	Recycling for the future	<ul> <li>Efficiently used coal ash and continued with collaborative industrial waste collections to raise recycling rates and cut landfill outside our properties</li> <li>Collaborated with business partners in green purchasing</li> </ul>
Environmental management	Harmonizing with the environment	Stepped up management and treatment of polychlorinated biphenyls and tackled asbestos issues     Conducted R&D to reduce environmental load
	Working with society	Communicated with more customers about the environment     Built the Kyushu Homeland Forestation Program through collaboration with educational institutions     and citizens' groups     Educated children about the environment through Eco Mothers activities and guest talk in classes
→ Page 31	Pursuing environmental management	<ul> <li>Boosted environmental management standards by employing environmental management systems and environmental accounting</li> <li>Strengthened support for efforts to improve Groupwide environmental management</li> </ul>
Respecting	Respecting human rights	<ul> <li>Continued internal (by business site and job type) and external education training on human and minority rights issues</li> <li>Distributed pamphlets to all employees to raise awareness of the need to prevent sexual and moral harassment</li> <li>Conducted joint Group training and participated in training seminars*</li> </ul>
Human Rights and Caring for	Promoting equal opportunities	<ul> <li>Extended and made more responsive our systems for employees needing leave and shorter working hours to care for their children and implemented flextime work system</li> <li>Held seminars to cultivate awareness activities of gender-equality to encourage dialog, such as through female employee round-table gatherings</li> </ul>
Employees	Employing retirees and physically challenged people	Continued to deploy and assess senior employee system and other initiatives to accommodate senior citizens     Continued the planned hiring of mentally and physically challenged people
⇒ Page 41	Improving employee motivation and skills	<ul> <li>Continued to provide hierarchical, optional, divisional and overseas training</li> <li>Kept enabling people to relocate throughout the organization through internal recruiting, by offering new job challenges and by using a human resources database</li> </ul>
	Maintaining facilities safety	<ul> <li>Conducted quake safety assessments at nuclear power stations in light of revised seismic design guidelines and Niigata Chuetsu Offshore Earthquake</li> <li>Deployed quality management systems at nuclear power stations</li> </ul>
Upholding safety-first	Improving safety of products and services, and education about electrical safety	Bolstered publicity and facility inspections to prevent electric shocks
principle → Page 45	Maintaining safe and healthy work environments	Undertook efforts to create worker health and safety management system     Strengthened initiatives to improve management of physical and mental wellbeing of employees     Deployed measures to raise awareness of ways to prevent workplace and commuting mishaps and help attain zero-accident goals*     Created safer and healthier worksites*
Community contributions → Page 49	Engaging in collaborative activities as a good corporate citizen	<ul> <li>Bolstered management system for corporate citizenship initiatives to more effectively resolve local issues</li> <li>Effectively supported employee volunteer activity programs</li> <li>Continued to contribute to sustainable regional and social progress through business activities</li> <li>Engaged in various regional activities*</li> </ul>
- Faye 45		

Glossary

issues

We formulated Group CSR action plans for FY2009 after internally evaluating progress in 2008 efforts and the results of a questionnaire survey of stakeholders on our CSR Report.



Millisievert Worker health and safety management system Environmental management system CSR

Investor relations Polychlorinated biphenyls



# **Compliance Management**

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

# **Enhancing Compliance**

# **Compliance Management Structure**

We established the Compliance Committee in October 2002 under the oversight of the Board of Directors. The committee appoints the heads of head office departments, customer serive offices and other operations to manage their compliance activities, thus raising Companywide awareness of issues.

We set up internal and external compliance consulting desks that work as an internal reporting system.

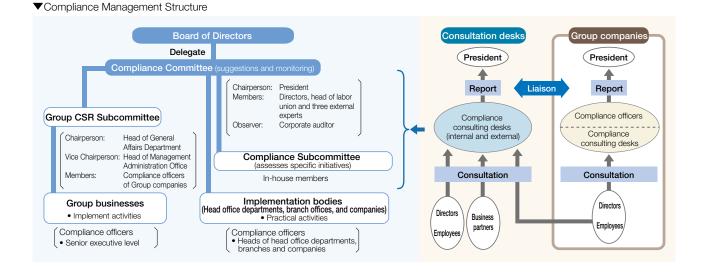
The Group CSR Subcommittee disseminates action plans and provides information for Group companies (see page 19).

# **Compliance Committee**

The president chairs this body, whose members include directors, the chairperson of the Company's labor union and three external experts, to ensure objectivity and transparency.

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

It aids compliance management by reviewing our Compliance Action Guidelines, monitoring the initiatives of each business office and assessing compliance through questionnaires it circulates to the parent and Group companies.



# My CSR Efforts Fostering compliance management by providing legal advice

My office checks contracts and advises on the interpretation of laws and regulations relating to operations. In 2008, we checked all of the Company's advertisements and audited new pamphlets in response to the Japan Fair Trade Commission's elimination order relating to our advertising.

Compliance management is the bedrock of CSR and has great social significance. I'd like to contribute to compliance by providing solid legal support.



Legal Affairs Office, Corporate Legal Affairs Group, General Affairs Department

Mikio Nishioka



# **Compliance Action Guidelines**

We issued Compliance Action Guidelines in December 2002 and distributed copies among all directors and employees.These guidelines provide standards of conduct and specifics on maintaining relationships with customers, stakeholders and investors.

In FY2008, we revised the president's message and guidelines in response to recent developments and noted internal problems.

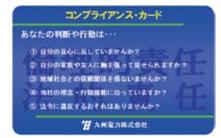
#### **Guideline Contents**

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

# 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. Group companies maintain education and training programs as well.

Personnel ratings are another tool for raising compliance awareness. Those assessments encompass corporate ethics and other issues, and whether employees adhere to compliance requirements.



All directors and employees carry our Compliance Card at all times

# **Compliance Awareness Surveys**

Intranet

Compliance

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 in January through April 2009

#### Score: 78 points out of 100

(compared with 78 points in 2008)

Number of respondents: 19,015 employees of Kyushu Electric Power and Group companies (18,008 in 2008)

#### Sample questions:

- Can you trust your company?
- Does your work site ensure a double-check-system 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 from the following choices:
- 1. Yes
- 2. Somewhat
- 3. I'm unsure
- 4. Not much, and
- 5. No

# Compliance Promotion Month

January is Compliance Promotion Month for all Group Companies.

In FY2008, we held a seminar for parent and Group company executives at which corporate compliance experts spoke about true compliance and tackling outbreak scandals. This was in light of an administrative disposition from the Japan Fair Trade Commission. Business sites also held lectures and study sessions.

# **Compliance Intranet**

Our intranet shares the latest compliance information and best practices with Group companies.

We encourage related dialogue and education at work sites and departments to enhance employee compliance.





# **Compliance Consultation 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 complementing our system through a law firm.

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

In FY2008, there were 37 cases in which people sought consultation or reported compliance abuses (see below).

Compliance Abuse Consultations and I in FY2008	Reports
<ul> <li>Doubts about operational practices</li> </ul>	14
<ul> <li>Complaints about employee conduct</li> </ul>	15
<ul> <li>Consultations about the law</li> </ul>	1
• Other consultations and queries	7

# Antimonopoly Act Compliance

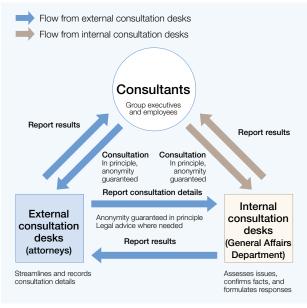
We produced the Antimonopoly Act Compliance Manual, distributing a copy to each employee through our intranet. This publication enhances understanding of the contents of that legislation and describes the types of conduct that would violate the act. We review the manual following legislative changes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

We take very seriously an administrative disposition from the Japan Fair Trade Commission in 2008. We accordingly enhanced awareness of the need to comply with the Antimonopoly Act, as part of which we held a lecture for Group executives to increase overall understanding of that law. We also undertook e-learning and hierarchical training for all employees.

# Fairly and Transparently Using Transmission and Distribution Networks

We adhere strictly to regulations governing activities and network usage to ensure fair use of our transmission and distribution system of electric power and transparent wheeling services. We will continue to comply with regulations and thus ensure fair and transparent information management. Please note that we maintain a sexual and moral harassment advice desk (see page 41).

▼Compliance Consultation Desks



# Establishing Legal Affairs Office

We established the Legal Affairs Office in the General Affairs Department in July 2008 to oversee legal work and assist compliance management. This was in light of challenges arising from full-fledged competition in the energy market and our business domain expansion. We also launched the Legal Consulting Hotline to advise the parent and group employees on workplace issues.

Number of calls made to the Legal Consulting Hotline from July 2008 through the end of March 2009: 84

# **Group Company Compliance**

Each of our group companies maintain their own conduct guidelines and consultation desks to reinforce compliance as well as the parent company.

In February 2009, the authorities suspected a Group company of avoiding taxes on construction work. Although the allegation proved groundless, we are reviewing accounts processing to prevent a recurrence of such doubts and underscore our commitment to fair and transparent competitions and proper business dealings.



# **Compliance Violation and the Action for Preventing Recurrences**

# Elimination Order from Japan Fair Trade Commission over Pamphlet Content

In October 2008, the Japan Fair Trade Commission ordered us to delete content in a pamphlet promoting all-electric housing for violating the Act against Unjustifiable Premiums and Misleading Representations.

At issue were our claims that annual utility bills for all-electric housing are about ¥100,000 lower than for houses that also use gas, saving around ¥3 million over 30 years, and that are about ¥3.5 million cheaper over 30 years by using home loans for all-electric houses. The commission pointed out that such numbers were misleading because they might fail to factor in initial purchase and replacement costs during those periods.

This development revealed three prime shortcomings. First, we failed to truly consider customer benefits. Second, we did not properly understand the relevant rules and regulations and did not properly convey information. Third, we did not maintain an adequate follow-up system or educational activities.

We immediately collected the relevant pamphlets and corrected the content as requested.

We have taken steps to more carefully audit our advertising and avoid misleading our customers again.

#### Key Steps to Prevent Violation Recurrences

- OReiterate importance of compliance
  - Disseminate a message from the president
  - Reporting to top management
  - Inform employees through dialogue with senior management
  - Reinforce information checks
  - Revise Compliance Action Guidelines

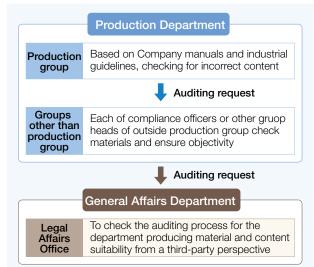
# OThoroughly assess existing pamphlets and advertising and build a system of legal checks

- Thoroughly assess existing pamphlets and advertising
- Create structure for legally checking new pamphlets and other materials

# ○Internal education, including for Group companies

- Hold compliance lectures related to Antimonopoly Act
  Incorporate this case in Companywide education
- programs
   Educate sales department employees about the Act against Unjustifiable Premiums and Misleading Representations

▼Auditing system for pamphlets and other materials



# Inappropriate Processes for Contracts Applying Evening and Other Time-Switching Rates

In June 2008, the Ministry of Economy, Trade and Industry asked the Company to check our time-switching contracts for possible processing violations. We checked all 373,000 customers using time switches in July through September that year. We found that the equipment of 3,217 customers was set to operate at times different from what their contracts stated.

This was because operators neglected to note instructions on changing times when some customers repurchased water heaters. There were also failures to set times when some customers installed and replaced their time switches.

We apologized to the customers in question and either updated their contracts or adjusted their time switches.

We have completed repaying overcharges to 1,027 customers.

# Key Steps to Prevent Violation Recurrences

- Review procedures when customers buy water heaters and check our systems
- Clarify installation instructions, including by reviewing formats for the time-setting instruction sheet when installing and replacing switches
- Better educate installation workers
- Checks on power-on times

Compliance

Time-switch

# Procuring Materials and Fuels in Keeping with CSR Commitment

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

Building trust with business partners through CSR-oriented procurement is essential to secure their understanding and cooperation for our basic policies.

A Japanese-language Web site presents these basic policies and a list of requests for suppliers. We have sent other information to vendors and have visited them as part of ongoing efforts to familiarize them with our requirements.

#### 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 fulfilling contracts in good faith
- 8. Communication to establish mutual trust
- 9. Creating value
- 10. Contributing to society and communities

#### Requirements for supplier

- 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. Providing good after-sales service
- 8. Offering reasonable prices and maintaining and improving quality and technical expertise
- 9. Communicating well

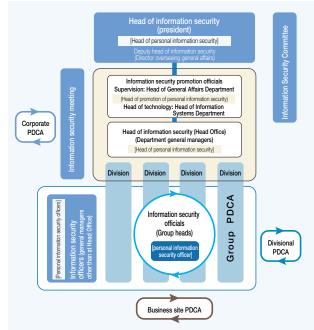
# **Initiatives to Protect Personal and Other Information**

### Information Management Structure

The president is ultimately responsible for managing information security. 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**

Based on information security measures we deployed in FY2008, we will continue to tackle issues identified in our PDCA cycle to further enhance information security.

# Organizational Measures

In FY2008, we visited business sites to educate about relevant regulations and carry out inside inspection at all sites.

We also surveyed the handling of information security at our group companies.

We will continue such visits while supporting and following up on information security management efforts at Group companies.

▼ Main internal regulations

Information security	<ul><li>Basic policies</li><li>Management rules</li><li>Key handling rules</li></ul>
Personal information protection	<ul><li>Policies</li><li>Management rules</li><li>Basic guidelines</li></ul>
Others	<ul><li>Key building access management rules</li><li>Personal computer usage standards</li></ul>

### Personnel measures

In FY2008, we provided e-learning training for all employees and provided hierarchical training for new managers and employees.

We will continue to offer learning opportunities to improve employee awareness and understanding.

# Facility measures

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



Security gate at Nagasaki Branch

# Technological measures

We continue to deploy measures against systems 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. We surveyed the handling of such information among our contractors and issued instructions to prevent leaks of any personal information that we entrusted to them.

We will continue and strengthen such oversight measures in FY2009.

Summary of survey of personal information handling				
among contractors				
Period	July to August 2008			

Period	July to August 2008
Number of checks	61 (including 5 inspections)
Methodology	Identified issues and inspected sites based on survey forms
Resulting issues	Complying with rules on receiving data and managing data passwords relating to information systems and security management measures for facilities

# Information Leaks and Preventing Recurrences

There were 22 losses of documentation containing personal information in FY2008, including customer meter reading notices and payment slips for utility pole site fees.

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

### Preventing Recurrences

- Strengthen information handling in keeping with regulations
- Continuously educate all employees
- Share information, including for Group companies, about possible leaks through our compliance intranet
- Assess Group companies' information security management and request improvements





# **Improving Disclosure**

We properly and swiftly disclose information to keep our operations transparent and to secure the understanding and trust of our customers

# **Disclosure Structure**

We formulated the Kyushu Electric Power Disclosure Commitment to maintain transparency and increase public confidence in our business. The president accordingly convenes press conferences monthly and when otherwise necessary. We also hold investor relations meetings and additionally disclose information on our Web site.

In February 2009, we revised our disclosure regulations to speedily and accurately present Group accidents, breaches of conduct, or other negative information that could harm customers or society if we fail to inform them.

Results of survey of customer satisfaction with our disclosure (conducted in July and August 2008)

In the survey, 49.1% of respondents fully or somewhat agreed with the statement that: Kyushu Electric Power very transparently and actively discloses information, including negative developments like outages, accidents and breaches of conduct.

## Kyushu Electric Power Disclosure Commitment

We fully understand our social responsibilities and will operate equitably in keeping with our Charter of Conduct. We will seek customer understanding and trust by acting transparently and adhering to our basic philosophy of harmonizing with communities.

All employees must accordingly commit themselves to the following disclosure precepts:

- 1 I will inform our customers.
- 2 I will put myself in customers' shoes and disclose information quickly, accurately and intelligibly.
- 3 I will take every opportunity to identify and grasp customers' information needs.
- 4 I will always ensure that there are no perception gaps between myself and our customers.

# **Better Communicating Disaster and Emergency Information**

We quickly identify and assess the impacts of disasters and emergencies, such as typhoons and earthquakes. We use this data to handle customer inquiries and disseminate an array of information through the media and our Web site.

We encourage customers to register for a service that we launched in January 2008 to email outage information to cell phone addresses.



### My CSR Efforts Focusing on customer perspectives in disclosing information

As part of the Public Relations Department, I am pushing ahead with Companywide initiatives to ensure swift and accurate disclosure by creating disclosure plans and related rules. The top priorities in disclosure are to put yourself in customers' shoes and ensure that information is clear and correct. We are constantly striving to eliminate any perception gaps between us and our customers. I want to continue encouraging the disclosure that customers and society need.



Deputy manager, PR Planning Group, Public Relations Department Shinichi Futami



# **Disseminating Nuclear Power Information**

We aim to maintain customer trust and peace of mind by keeping people fully informed about our nuclear power operations. We appropriately disseminate information to build customer support for our pluthermal project and construction of the No. 3 unit of the Sendai Nuclear Power Station.

# Activities to Deepen Understanding of Nuclear Power

We build understanding about energy issues, particularly those relating to nuclear power, by distributing pamphlets, holding energy lectures, providing scientific experiments and guest-run classes for children and organizing nuclear power plant tours.

At the same time, we interact with the community in numerous ways, such as by talking with local opinion leaders.

We maintain an extensive publicity program which encompasses running commercials in television shows that we sponsor, advertising in newspapers and communicating through the Internet.

# **Investor Relations Program**

We formulated our Basic Investor Relations Policy to build trust with and enhance the satisfaction of shareholders and other investors. This policy underpins our investor relations program.

We keep institutional and individual investors and analysts in Japan and abroad well informed about our business activities. Executives speak at investor relations briefings and accompany our investor relations officers on visits to domestic and overseas investors. We also hold regular facilities tours for these stakeholders.

Our Web site presents materials from investor briefings and financial and stock information in line with our commitment to proper disclosure.

We set up a Web site that allows shareholders to vote on resolutions and which provides visual presentations of business reports at general meetings of shareholders. These and other initiatives make it easier for shareholders to participate in such gatherings.

#### Orientations on Construction of the No. 3 Unit of Sendai Nuclear Power Station

In January 2009, we held orientations in Satsumasendai city and Ichikikushikino city on environmental assessment preparations and on geological and meteorological assessments for our construction plans for the No. 3 unit of the Sendai Nuclear Power Station.

We explained the need for building the facility, and outlined our business plans and environmental assessments from the perspectives of maintaining energy security and combating

global warming. We then answered questions from participants. We will undertake further efforts to gain community understanding and cooperation.



#### **Investor Relations Basic Policy**

#### Basic philosophy

- We strive to enhance shareholder and investor satisfaction by continuously improving corporate value and management quality.
- We disclose information proactively and sustain interactive communication so as to be evaluated fairly by the capital market and to establish mutual trust with shareholders and investors.

#### Action guidelines

- Timely, accurate and proactive communication: Transparent disclosure
  - We conduct disclosure in a timely and accurate manner, in compliance with laws and regulations.
  - We disclose corporate information contributing to investment decisions in a proactive and easy-to-understand manner.
  - We ensure fairness in opportunities for accessing disclosed information.

# Appropriate reflection of shareholder and investor opinions: Emphasis on interactive communication

- We value not only for disclosure of corporate information, but also for interactive communication with shareholders and investors.
- Voices of shareholders and investors are appropriately reflected in our business operations.
- Company-wide commitment: IR activity by the entire organization

• We recognize that IR is an important aspect of management; the entire company engages in IR activities under the leadership of its top management.

• We strive to improve company-wide IR awareness, which is the basis for effective interactive communication.



Pluthermal



# **Environmental Management**

We are pursuing Groupwide environmental management to help create a sustainable society.

#### **Kyushu Electric Group Environmental Charter**

We created the Kyushu Electric Power Group Environmental Charter to clarify our commitment to environmental management.

#### Kyushu Electric Power Group Environmental Charter

#### Pursuing environmentally friendly corporate activities

The Kyushu Electric Power Group undertakes initiatives to preserve and harmonize with the global environment to contribute to the development of sustainable society.

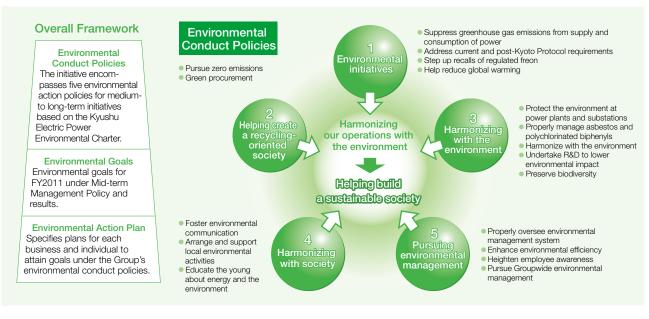
- 1. We strive to properly address environmental issues and use resources effectively while pursuing business activities that lead toward the future.
- 2. We work with society to engage in initiatives that enhance the environment.
- 3. We foster interest in conservation in keeping with our desire to earn customer trust for the Group
- 4. We proactively disclose environmental information when communicating with society.

# **Environmental Action Plan**

We draw on our environmental charter to update our Environment Action Plan every year to encourage all employees to assist with environmental management.

Our annual Environmental Action Report assesses the achievements of Group companies.

# FY2009 Environment Action Plan



**My CSR Activities** 

#### Helping Build a Sustainable Society through Corporate **Activities that Benefit the Environment**

Kyushu Electric Power undertakes environmental activities as a Group. We aim to improve our efforts by communicating with many stakeholders through our Environmental Action Report, which summarizes Groupwide activities. The Environmental Affairs Department in which I work handles everything from daily energy-saving efforts to community tree plantings, waste management, environmental assessments and measures to combat global warming. Many operations require highly specialized knowledge. I would like to contribute to creating a sustainable society by becoming more experienced.



Environmental Planning Group, Environmental Affairs Department Hiroko Sato

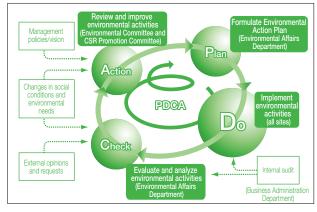


Asbestos Greenhouse gas Environmental management system Green procurement

Regulated freon Kyoto Protocol

Sustainable society Recycling-oriented society Zero emissions

#### Environmental PDCA Chart



# Kyushu Electric Power Group Action Plan

We produce this plan every year in line with the social climate and in keeping with the Kyushu Electric Power Group Environmental Charter.

# FY2009 Kyushu Electric Power Group **Environmental Action Plan**

- 1 Tackling environmental issues
  - 1 Suppress greenhouse gas emissions 2 Protect the ozone layer
- 2 Taking steps to create a recycling-oriented society 1 Promote the 3Rs
  - 2 Engage in green procurement
- 3 Harmonizing with the environment
  - 1 Protect the environment
- 4 Harmonizing with society
  - 1 Disseminate environmental information
  - 2 Undertake local environmental activities
- 5 Promoting environmental management
  - 1 Operate environmental management system
  - 2 Strengthen environmental compliance
  - 3 Assess environmental data and ensure objective management
  - 4 Provide environmental education and share environmental information

# **Promotion System**

We established a framework that ties directly to management and created an evaluation body of external experts.

Environmental Committee		
This committee comprehensively deliberates on and determines Groupwide environmental action strategies.		
Membership Chairperson: Vice chairperson: Members:	Executive vice president in charge of environment Executive vice president or executive officer appointed by the president Relevant executive vice presidents, executive	
	officers, and office and departmental heads appointed by the chairperson	

#### Group Environmental Management Subcommittee

The committee deliberates on and determines specific initiatives to foster Group environmental management. Membership

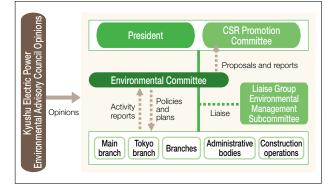
Chairperson: General manager of Environmental Affairs Department Membership: 50 companies as of the end of May 2009

Kyushu Electric Environmental Advisory Council

The council independently reviews Group environmental management efforts.

Membership: 10 external experts from industries throughout Kyushu

#### Environmental Management Structure



#### Key opinions on activities and responses at the meeting of Kyushu Electric Power Environmental Advisory Council Date: Tuesday, May 19, 2009

Opinions	Responses		
Promoting nuclear power O The Group should continue to deepen understanding of nuclear power among young people and their parents	○ We will to promote understanding by drawing on numerous tools, including Loving the Earth More, an ecology book issued in 2008, visits to hold classes, our EneEco public relations magazine for children and their parents, and lecture meetings		
Suppressing CO <sub>2</sub> emissions from power consumption The Group should more actively reduce power O consumption in offices, such as by introducing high-efficiency lighting	In FY2009 we targeted a 1% annual reduction in office power consumption. We completed lighting surveys at all offices in FY2008, and plan to install high-efficiency lighting fixtures from FY2009		
Energy and environmental education for the young The Group should hold energy and environmental classes for high-school and university students	○ We educate high-school and university students on energy and the environment by visiting these institutions to hold classes, convening lectures and providing environmental education support through Field Girl's Forest. We will step up efforts and continue to pursue proactive public relations		



# **Tackling Global Environmental Issues**

We aim to suppress greenhouse gas emissions through supply-side initiatives while working with customers to reducing their power consumption and employing the Kyoto Mechanisms.

# Suppressing greenhouse gas emissions



Cut average emissions intensity (see note) for 2008 through 2012 by around 20% from 1990 levels (reduce to around 0.348kg–CO2/kWh)

Note: CO2 emissions per kWh of electricity sold

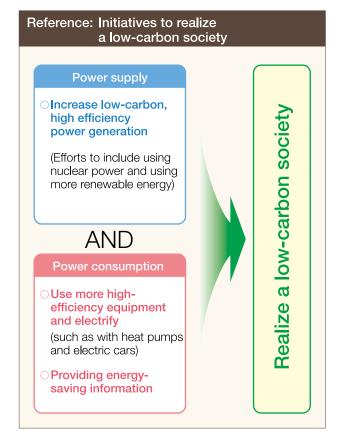
#### CO2 Emissions from Power Generation

In FY2008, our CO2 emissions intensity was 0.37 kg per kilowatt-hour (see note below), down 14% from FY1990.

We have reduced our CO2 emissions by 6%, or 2 million metric tons, since FY2007, reflecting lower fossil fuel consumption as power sales dropped, as well as intensive efforts to ensure high, safe and stable usage of nuclear power, maintain and improve overall thermal efficiency, and deploy more recyclable energy. Our CO2 emissions intensity was down 3%, or 0.013kg per kilowatt-hour.

After factoring in carbon credits, our FY2008 CO<sub>2</sub> emissions were 0.348 kg per kilowatt-hour. Therefore, we have already achieved our voluntary goal of reducing emissions 20% from 1990 levels. For FY2008 through 2012, we forecast an average CO2 emission intensity that would be 0.025kg per kilowatt-hour less than targeted. We will thus endeavor to improve our average, partly through more carbon credits.

Note: This is an estimate; The Japanese government will announce the official figure based on the Act on Promotion of Global Warming Countermeasures.



#### 🖝 CO2 emissions intensity (kg-CO2/kWh) 🛛 🗖 Electricity sales (billion kWh) 📃 CO2 emissions ( ten thousand t-CO2) 0.436 0.387 -20% 0.375 0.374 (-0.013) 0.373 (Projected) 0.365 • Began operating 0.317 0 025 No. 3 unit of Genkai Nuclear 0.348 (-0.039) 0.348 (Targeted) Power Station Started operating No. 4 unit of (in March 1994) Genkai Nuclear Power Station (in July 1997) After reflecting carbon credits 88.1 85.9 84 4 83.0 3,410 75.3 (-2.2) 3,210 3,160 \*Figures do not include carbon credits 3.030 (-200) Note 1: Figures in parentheses for FY2008 show the difference from FY2007 55.8 2,430 2.390 Note 2: Calculated based on Japanese government's formula for CO<sub>2</sub> emissions by business. 1990 2000 2005 2006 2007 2008 2008-2012 average (FY)

#### ▼End-use CO2 emissions intensity and emissions



# Energy and Resource Conservation in Offices

#### Suppressing In-house CO<sub>2</sub> Emissions

We set overall in-house power consumption goals that include constructing power stations and other facilities, as well as consumption at head office, branch offices and customer service offices.

In FY2009, we established goals for office power consumption.

We plan to further reduce office power consumption by stepping up daily energy-saving efforts, and installing more high-efficient lighting fixtures and saving more energy.

# Suppressing CO<sub>2</sub> Emissions from Our Vehicle Fleet

## Deploying Electric Cars

We will have around 1,000 electric cars in service by 2020.

We plan to put around 1,000 electric cars (including plug-in hybrid models) into service by 2020. Customer service offices will use another 131 electric cars by FY2011.

We plan to install eight more rapid chargers in FY2009.

Introducing 1,000 electric cars translate would cut our CO<sub>2</sub> emissions by around 1,400 metric tons (see note below) annually.

Note: The basis is that these would be company vehicles. We used our FY2007 CO<sub>2</sub> emissions intensity (an average for all electric power sources) to calculate the CO<sub>2</sub> emission reductions.

#### Harnessing the Kyoto Mechanisms to Control Greenhouse Gas Emissions

We help prevent global warming by harnessing the Kyoto Mechanism, investing in the World Bank's Prototype Carbon Fund and the Japan Greenhouse Gas Reduction Fund, and buying carbon credits from individual projects.

# Participation in the Trial of Integrated Domestic Market for CO<sub>2</sub> Emissions Trading

We participated in an emissions trading trial that started in Japan in FY2008. Through our involvement, we voluntarily aim to reduce our average end-use CO<sub>2</sub> emissions intensity from FY2008 through 2012 by around 20% from FY1990 levels, to around 0.348 kg per kilowatt-hour.

In FY2008, we used the Kyoto Mechanisms to achieve our target of 0.348 kg per kilowatt-hour.

We are also participating in an experimental carbon credit system in Japan as a buyer of credits from domestic emissions reduction businesses that use forestry biomass.

#### ▼ Participation in domestic carbon credit system

Emissions reduction businesses	Seiryu	Bengara-mura	
Overview	These businesses converted heavy oil boilers for he springs into wood biomass boilers, reducing heavy consumption and CO <sub>2</sub> emissions. They also harnes local forestry biomass resources.		
Emissions reduction operator	Kitayama Co. Ltd.	Chiiki Chuo Kaihatsu Co., Ltd.	
Implementation	Kyushu Electric Power and	and Mitsubishi Corporation	
Annual savings	Around 950 metric tons	Around 610 metric tons	
Operating term	April 2009 to March 2013	March 2009 to March 2013	

#### Participating in the Asia-Pacific Partnership on Clean Development and Climate

#### APP

The Asia-Pacific Partnership, which comprises Japan, Australia, Canada, China, India, the Republic of Korea and the Unites States, is a framework for preventing global warming from major CO<sub>2</sub> producers China, India and the United States. There is global interest in the potential achievements of that organization. Part of the focus of this partnership is peer review initiatives among power industry participants to maintain and improve the thermal efficiencies of aging coal-fired thermal power stations. We have sent 10 employees to every peer review, to provide our knowledge and expertise in thermal power technology. We will continue to actively transfer, develop and improve technologies to help combat global warming.  Asia-Pacific Partnership peer reviews to date

Teviews to date			
	Country	Timing	
No. 1	No. 1 Japan April 20		
No. 2	India	February 2008	
No. 3	United States	April 2008	
No. 4	Australia	June 2008	



Confirming operations and performance management at Loy Yang Power Station in Victoria, Australia



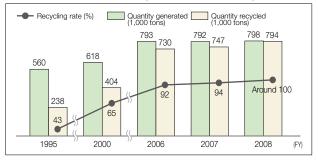
# Creating a Recycling-Oriented Society

Kyushu Electric Power targets zero emissions of final waste from its business activities, and is properly managing and treating industrial and general waste.

## **Industrial Waste**

Our industrial waste includes coal ash and gypsum from thermal power operations and materials we remove from construction work. We are practicing the 3Rs (Reduce, Reuse and Recycle) to minimize such wastes.

Quantity of industrial waste generation and recycling rates



# Reducing

Our power stations suppress waste by taking steps to ensure that they undertake construction work properly and at the right times.

### Reusing

We reuse the materials we remove from work on distribution and other facilities after evaluating whether the materials satisfy our functionality and quality standards.

	Number of items removed (see note) A	Number of items reused B	Percentage reused B/A (%)	
Transformers on utility poles	31,976	31,137	97.4	
Gas-insulated switches on utility poles	1,316	1,304	99.1	
Low-voltage meters	807,018	799,518	99.1	
Concrete poles	7,406	7,406	100.0	
Kilometers of high-voltage lines	872	866	99.3	
Kilometers of low-voltage lines	2,002	2,002	100.0	

Note: Numbers exclude items that cannot be reused.

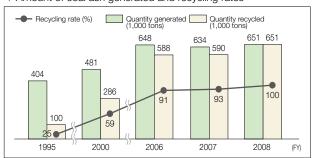
# Recycling

We aim to recycle 100% of our industrial waste.

In FY2008, we recycled nearly 100% of our roughly 800,000 metric tons of industrial waste.

Coal ash accounts for most of this waste, and we recycle all of this ash in concrete.

We will continue to maintain and improve our recycling rates for a recycling-oriented society.



# Amount of coal ash generated and recycling rates

# **General Waste**

We properly manage, process and practice the 3Rs for general waste, including the paper we use in our offices, shellfish from power plants and driftwood from dams.

#### General waste produced in FY2008

	Amount created (metric tons)	Amount recycled (metric tons)	Recycling rate (%)	Major uses of recycled materials
Paper	1,534	1,534	100	Recycled paper
Shellfish	134	123	92	Fertilizer
Dam driftwood	1,729	1,722	99	Alternative litter

# **Green Procurement**

We launched our Green Procurement System in FY2002 to carefully consider the need for products before buying them and to purchase environment friendly offerings. We are working with vendors to purchase green products.



## Harmonizing with the Environment

We fully manage the chemical substances we produce as part of our efforts to minimize the environmental impact of our facilities.

## **Air Pollution Measures**

We have taken several steps to reduce emissions of sulfur oxides and other pollutants from our thermal power stations.

Measures to reduce sulfur oxides	<ul> <li>Use heavy and crude oil with low sulfur content</li> <li>Use sulfur-free liquefied natural gas</li> <li>Install desulfurization facilities that remove sulfur oxides from emissions</li> <li>Adopt in-furnace desulfurization to remove sulfur oxides within boilers</li> </ul>
Measures to reduce nitrogen oxides	<ul> <li>Improve boiler combustion</li> <li>Use dual-stage combustion</li> <li>Use exhaust gas recirculation combustion</li> <li>Use low-nitrogen oxide burners and combustors</li> <li>Install denitration facilities</li> </ul>
Measures to reduce soot and dust       Use liquefied natural gas that does not general soot and dust         Image: Soot and dust       Istall high-performance devices that remove soot and dust from exhaust gases	

## **Eliminating Utility Poles**

We have been working closely with roads administrators and local officials since 1986 to eliminate utility poles in line with government plans, thus helping make urban areas more aesthetically pleasant and safer while increasing traffic space.

As of the end of March 2009, we had removed utility poles from around 683 kilometers of roads in our service area, mainly along urban thoroughfares.





Before and after utility pole removal in Oita Prefecture

#### **Managing Chemical Substances** Polychlorinated Biphenyl

Japan Environmental Safety Corporation neutralizes transformers, capacitors and other waste equipment from our operations that contains polychlorinated biphenyls. We plan to complete treatment of all our polychlorinated biphenyls by the end of March 2014.

It is being discussed at government assessment committee and other parties on a basic policy for treating trace amounts of polychlorinated biphenyls that have for some reason contaminated the insulating oil in our transformers and other heavy electrical equipment.

### Asbestos

Some of our buildings and facilities incorporate asbestos, although there is no risk of dispersal in most cases. In keeping with relevant laws and ordinances, we have properly replaced asbestos that could disperse. After asbestos was detected unexpectedly in some construction materials, in February 2008 we added the materials to our checklist.

We will recheck our structures by the end of March 2010 to confirm that they are asbestos-free, and will remove any such material.

When dismantling buildings and other facilities, we always take dispersal-prevention measure in keeping with the law and appropriately remove and treat the materials. We are replacing asbestos-containing substances with alternatives.

#### TOPIC

#### **Developing High-Performance Lithium-Ion Batteries**

In FY2006, we partnered with Mitsubishi Heavy Industries, Ltd., to develop high-performance lithium-ion batteries for electric vehicles and plug-in hybrid cars that users can recharge from their homes. To help popularize electric vehicles, we are looking into creating a charging infrastructure using rapid recharging stands that we developed.

Our rapid charger development program aims to enable mass production and lower costs. We lent one of our rapid recharging stands to the Ministry of the Environment in May 2009 for its electric vehicle trial in Kitakyushu.

In addition, we are working on several products that can harness our lithium-ion batteries. These include a portable electrical power source that is free of gas and noise emissions, while storing electricity from solar and wind power stations, and power storage systems that can connect stably to the power grid.



Electric vehicle at a rapid recharging stand



Plug-in hybrid cars Lithium-ion batteries Liquefied natural gas Sulfur oxides

Nitrogen oxides Polychlorinated biphenyls

## Harmonizing with Society

We aim to give back to society by running the Kyushu Homeland Forestation Program and by educating children about energy and the environment.

#### **Environment Month Initiatives**

Environment Month is a nationwide program of events including those on Environment Day, which is on June 5.

During that time, we conduct greenery activities, seminars, cleanups and the release of fry young fish, to raise internal and external awareness of such environmental issues as global warming and to interact with customers.



Releasing fry young fish at Hyuuga Power System Maintenance Office

### Kyushu Homeland Forestation Program

Planting 900,000 trees to date

We commemorated our 50th anniversary in FY2001 by launching the Kyushu Homeland Forestation Program. We are working with regional residents through this initiative to plan one million trees in 10 years.

In FY2008, we planted about 110,000 trees under the program in 48 locations.



Volunteers planting trees in the Unzen Fugendake area near Shimabara, Nagasaki Prefecture

## Educating Children about Energy and the Environment

We conduct various activities to educate children about energy and the environment.

#### Eco Mothers Activities

So far, 85,000 people have participated

We initiated Eco Mothers Activities in FY2003 to help educate children about the environment and provide parents with information so that they can enlighten their children at home.

Under this program, Eco Mothers visit kindergartens and other facilities around Kyushu to perform and show pictures that raise awareness of environmental issues and explain the need to protect the environment in ways that even the youngest can understand.

Eco Mothers are raising their own children, and they are a link to our customers.

We gather parents' opinions and requests about our environmental activities through this program.

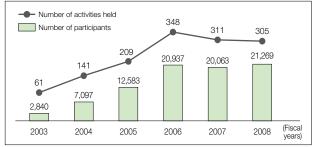


at Dialand kindergarten in Nagasaki, Nagasaki Prefecture



Eco Mothers activity materials

Eco Mothers Activities



#### Supporting Environmental Education Activities

We use some of our properties to assist the education efforts of citizens and schools. Locations include the Onagohata Recreation Forest in Hita, Oita Prefecture, the area near the dam of our Onagohata Power Station, as well as another forest near Yamashitaike in Yufu, Oita Prefecture. We collaborate



Nature walk group

with citizens' groups to hold nature walks, forestry classes and energy seminars at our hydroelectric power stations.

In FY2008, we accommodated 397 participants from nine groups. As of the end of March 2009, we had served 2,302 participants from 68 groups since our program started.



Introductory booklet for Onagohata Recreation Forest (left) and Field Guides (center and right)

## **Pursuing Environmental Management**

All our business sites have created and deployed environmental management systems based on the ISO 14001 standard to ensure that we consistently comply with environmental requirements and reduce environmental load.

#### **Environmental Management Systems**

In keeping with our Companywide Environmental Action Plan, our business sites establish and pursue energy and resource conservation goals. They also assess environmental compliance and conduct emergency drills to manage environmental risks.

#### Activities to Improve Operational Standards of Our Environmental Management Systems

Our Environmental Affairs Department offers ongoing support to business sites. This assistance includes explaining procedures for internal environmental audits and advising on managing environmental system operations, providing specialized training for environmental management officers and administrative offices and offering training for internal environmental auditors.

Since FY2006, the Environmental Affairs Department has improved the standards of our internal environmental auditing bodies by being present during site audits to verify procedures and checks.



Training for internal environmental auditors

▼ Results of FY2008 Initiatives to Improve Environmental Management System Operations

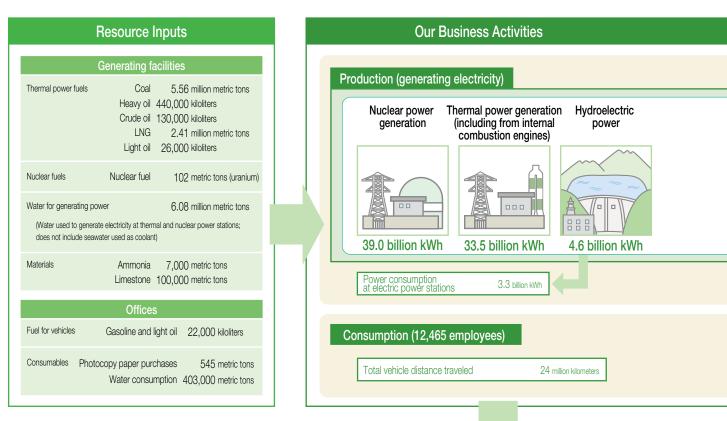
Initiatives	Results
Environmental Affairs Department support for business sites	88 sites assisted
Specialized environmental management systems training	105 participants
Training for internal environmental auditors	123 participants

### **Compliance with Laws and Ordinances**

We have never received improvement warnings, summary orders or penalties under key environmental laws and ordinances, and are not subject to any environmental litigation.

We will continue to ensure compliance management by conducting fair and ethical business activities. While adhering to laws and ordinance, we will continue to fulfill the environmental preservation agreements that we concluded with local governments.

### Business and Environmental Activity Achievements and Environmental Impact in FY2008



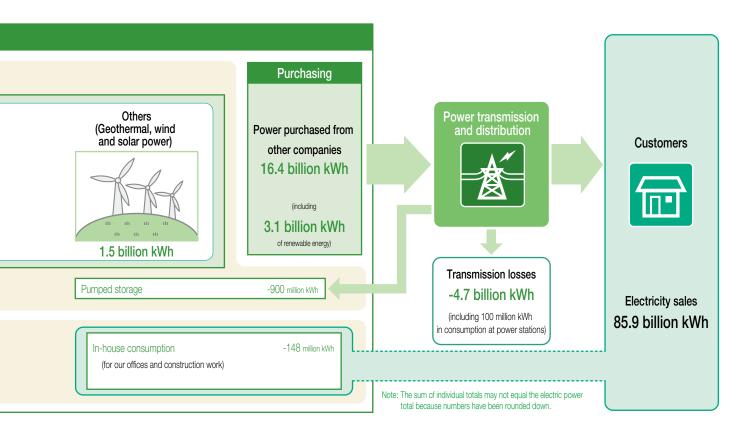
Environmental Impact	Reductions
Estimated reduction	ons*1
CO2 reductions (including use of nuclear and renewable energy)	34.4 million metric tons CO
SF6 collections	740,000 metric tons CO2 99% recovery rate
CO2 reductions through office energy conservation	157 metric tons CO2
Cuts from use of low-emission company vehicles	245 metric tons CO2
SOx reductions	58,000 metric tons
NOx reductions	16,000 metric tons
Actual reduction	ns
Forest absorption of CO2 "2	15,000 metric tons CO2
Industrial waste recycled	790,000 metric tons
	100% recycling rate
Reduction in low-level radioactive waste (each equivalent to one 200-liter oil drum)	869 containers
Volume of paper recycled	1,534 metric tons
(including copy paper, newspapers, magazines, cardboard containers and confidential documents)	100% recycling rate
Ground and rainwater consumption	33,000 metric tons

Notes: At la coloulating differences from actual an ironmental impact laugh, we approved a baseling
Notes: *1 In calculating differences from actual environmental impact levels, we assumed a baseline
of impact levels that would reflect no operational efforts to lower environmental impact

\*2 We used Japan's National Greenhouse Gas Inventory formula in calculating our total based on forest surveys.

Environmental Loads					
(	Generating facilities				
Greenhouse gas emissions	CO2     32.1 million metric tons CO2       (in-house power consumption was 55,000 metric tons of CO2; including power purchased from other companies)       N2O     46,000 metric tons CO2       SFe     40,000 metric tons CO2       HFC     1,700 metric tons CO2				
Ozone-depleting emissions	1.0 chemical oxygen demand metric ton				
Air pollutant emissions	SOx 14,000 metric tons NOx 25,000 metric tons				
Waste water Chemical oxide demand emiss	50ns 7 metric tons				
Industrial waste disposed	3,000 metric tons				
Increase in low-level radioactive waste (each equivalent to one 200-liter oil drum) 5,882 containers					
Offices					
CO2 emissions from vehicles Waste paper Clean water consumed	5,000 metric tons CO2 None 369,000 metric tons				





### Environmental targets and loads

				Res	sults	Targets
				FY2007	FY2008	FY2008
			se intensity of CO <sub>2</sub> emissions D2/kWh) (See note 1 below)	0.387	0.374 (see note 2 below) (0.348)	_
			O2 emissions nillions of metric tons)	34.1	32.1	_
	Supply	Nucle (%)	ar power usage rates	85.8	84.6	More than 83.0
	S		al efficiency of thermal power stations higher heating value basis) (%)	39.1	39.2	More than 39.1
Environmental initiatives			r from new energy sources is of kWh)	More than 0.63	More than 0.75	More than 0.75
		Transmission losses (%)		4.9	5.2	Less than 5.3
		gy and ess sites	In-house power consumption (millions of kWh)	151	148	Less than 153
		Conserving energy and esources at business sites	Paper purchased (metric tons)	568	545	Less than 600
	mption	Consei resource	Clean water used (m³/person)	35	32	Less than 36
	Consumption	Fuel fo (km/l)	or regular vehicles consumed	12.9	12.2	More than 12.1
			ntage of SF6 recovered I equipment checks	99	99	More than 98
			ntage of regulated freon ered during equipment checks	100	100	100

		Res	ults	Targets
		FY2007	FY2008	FY2008
	Percentage of industrial waste recycled	94	Around 100	More than 99
atives	Percentage of coal ash recycled	93	100	100
Recycling initiatives	Percentage of other waste recycled	99	98	More than 98
Recy	Industrial waste put in landfill outside company premises (metric tons)	220	349	Less than 500
	Percentage of used paper recycled	100	100	100
vironment	SOx emissions intensity (g) per kWh	0.31	0.20	Around 0.2
Harmonizing with environment	NOx emissions intensity (g) per kWh	0.23	0.20	Around 0.2
Harmon	Per capita millisieverts of annual radiation exposure for people living near nuclear power stations	Less than 0.001	Less than 0.001	Less than 0.001

#### Notes: 1. See page 33

Sulfur oxide

 This is an estimate; national government formally disclose actual figures based on the Act on Promotion of Global Warming Countermeasures



# **Respecting Human Rights and Caring for Employees**

People are fundamental to improving corporate value, and accordingly we provide rewarding and meaningful working environments.

## **Respecting Human Rights**

#### **Highlighting Awareness**

We respect human rights and provide education for employees in all Group operations to help build a comfortable and affluent society.

It is equally important for employees to understand human rights and anti-discrimination issues and act correctly. In April 2008, we established policies on these issues to drive ongoing employee education. We hold seminars for all Group operations to maintain and enhance human rights awareness.

About 11,000 employees participated in human rights and anti-discrimination seminars in FY2008.

#### Addressing Sexual and Power Harassment

Sexual harassment and power harassment are affronts to human dignity, preventing victims from performing their tasks, disrupting the workplace and potentially reducing our reputation in society. We therefore seek to enlighten our employees by distributing pamphlets, holding training and seminars, and maintaining internal and external sexual and power harassment counseling services.

Three employees used our sexual and power harassment counseling services in FY2008.

## **Promoting Equal Opportunities**

## Employing People Based on Aptitude and Competence

Kyushu Electric Power treats people equally, regardless of gender or age, to create a dynamic workplace that builds corporate value.

Recruiting is gender-free for all academic levels and work categories and conducted people-oriented. Likewise, we basically placed according to motivation and capabilities of individuals as well as promote a fair selection process through the proper evaluation, education and training.

#### **Balancing Work and Private Commitments**

We help employees to better balance their work and family commitments, and create an environment that enables them to remain in our employ.

In FY2008, we expanded and made more flexible our childcare leave system and shorter working hours periods. We also launched a flextime work system to better enable workers to care for their children and other family members, and provided vocational support to retired employees to care for their family. We will continue to review and improve the flexibility of such systems.

#### My CSR Efforts Pro

#### rts Promoting Initiatives to Balance Work and Private Commitments

People often mention the term work-life balance nowadays. I think it is about attaining fulfillment in both our professional and private lives.

My department employs various initiatives to create a work environment in which diverse employees can realize their potential and play important roles in the workplace. As one tasked with ensuring a work–life balance, I wish to help create a workplace that makes employees happy.



Employee Affairs Group, Human Resources Department Kazuo Shiraishi



#### ▼Child and Family Care Support System Overview and Achievements

Item	Leave	Shorter work hours	Spouse maternity leave for male employees only	Nursing leave
Childcare support	Period Until April after child reaches two years of age System users in FY2008 59 (no men)	Period Until the end of the child's third year in elementary school Permissible shortening of hours One, two, or three hours per day Can set up times to start and finish work in units of 10 minutes Other opportunities Can simultaneously work flextime System users in FV2008 117 (including 4 men)	Five days at time of childbirth System users in FY2008 412	Five days annually for illness and injury of pre-school child (half-day breaks permissible) <b>System users in FY2008</b> 230 (including 157 men)
Family care support	Period Two years in total (730 days) for the same care receiver System users in FY2008 3 (including 1 man)	Period Until care is no longer needed Permissible shortening of hours One, two or three hours per day Can set up times to start work in units of 10 minutes Other opportunities Can simultaneously work flextime System users in FY2008 3 (including 1 man)		

## Implementing the Action Plan to Support Childcare

Based on the Law for Measures to Support the Development of the Next Generation, we produced our second Action Plan to Support Child Care, which covers April 2008 through March 2011. We submitted the plan to the Labor Bureau and are drawing on it to create an environment that makes it easier for employees to look after their children.

### **Initiatives for Female Employees**

We undertake comprehensive initiatives to motivate our workforce and create a dynamic corporate culture for all employees, regardless of gender or age. Efforts include helping female employees to build their careers, balance their work and home commitments, and fostering a culture of broader awareness to support these objectives.

In FY2008, we enhanced communications with female employees. Initiatives included holding seminars for female managers and informal gatherings for these executives and regular female employees. We upgraded our intranet site to better interact with female employees.

#### Specifics of Second Action Plan to Support Childcare

#### Plan term

April 1, 2008 to March 31, 2011 (We will meet the legal 10-year requirement by dividing initiatives into periods of two to five years)

#### Benchmarks

- At least 95% of female employees to take childcare leave
- At least 90% of male employees to take leave for birth of children
- Bolster flextime system for employees to care for children

#### TOPIC

#### Round-Table Conference for All Female Employees

In February 2009, we held a round-table conference for all female employees at head office to exchange information for building networks for them and to advance their interests.

At the conference, four female executive officers held panel discussions at which panelists drew on their experiences in discussing what they considered important at work. Guest lecturers also delivered speeches.

After the gathering, one participant said that the conference was a good guide for corporate living, while another said that she realized that she should try harder at work.



Respecting Human Rights and Caring for Employees

#### TOPIC

#### Family Day

We held this event within the System Operations Department to express gratitude to families for supporting employees and to foster a better workplace climate.

The 32 families, comprising 69 people, visited the central load dispatch center and other facilities that they could not normally see. They participated in various activities, including a photo shoot at which they wore Kyushu Electric Power uniforms. The children were impressed with and enjoyed what they saw, and said that they would like to participate in another such event.

The System Operations Department will hold similar events in the years ahead to gain families' understanding of their parents' work, as family support is crucial and helps create a better workplace atmosphere.





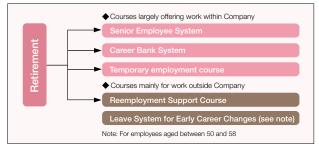
## Employing Retirees and Physically and Mentally Challenged People

#### **Finding Work for Retirees**

We launched our Senior Employee System in FY2007, to offer work that accommodates more diverse employment needs and to draw on the skills and motivations of individual retirees by gradually increasing the retirement age to 65.

Our broad support structure for retirees includes the Career Bank System, which outsources to retirees who prefer that option, the Reemployment Support Course for those seeking jobs elsewhere and the Leave System for Early Career Changes.

#### ▼Overview of retiree employment system



## Improving Employee Morale and Skills

We continue to take steps to build an organization in which all employees can realize their potential and grow by gaining satisfaction from work.

## Offering More Education and Training to Support Individual Growth

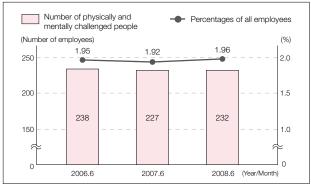
The Kyushu Electric Power Educational Charter motivates employees to proactively resolve problems

#### Hiring the Physically and Mentally Challenged

We collaborate with schools and the state-run Hello Work placement agency to recruit physically and mentally challenged people and expand their social participation by providing them with workplaces. We established Kyushu Captioning Co-Production Center Inc., a special-purpose subsidiary, in July 2004.

Physically and mentally challenged people accounted for 1.9% of our workforce at the close of FY2009, which is above the legal requirement of 1.8%.

✓ Number of physically and mentally challenged people and percentages of all employees



by enhancing specialized skills, management capabilities and creativity. We undertake various educational and training programs to address changes in the operating climate and reinforce our organization.

We also provide joint training and share relevant facilities to boost overall Group capabilities.

Occup	ational group	Training level	Elective training	Specifie	Specified training	
Management	Executive Manager (EM)	EM training course New group head (department head) training course	Optional training		Compliance training Human rights	Departmental training
Mana	Middle Manager (MM)	MM training course	Coaching Innovative thinking Skills improvement for mid-tier employees		and anti- discrimination training	
ar ees	Chiefs	Chief training course	Corporate accounting Business law	Domestic		
Regular employees	Staffers	Third-year education New employee training	Reporting and explanatory skills	overseas university courses		

Mandatory courses

1.

▼FY2009 Training Systems

Elective courses (managers take courses electively or upon recommendation)

3. Courses also for Group company personnel



#### **Motivation-Oriented Promotion system**

We transfer employees through our in-house staff recruitment system, Job Challenge, and Human Resources Bank programs to motivate them. Our Chief Challenge Examination program provides promotions for those who are keenest to tackle the challenges of change.

▼ Promotion Systems Overview and FY2008 Achievements
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	Overview (FY2008 achievements)				
In-house RecruitmentOffer jobs requiring outstanding motivation and special qualifications (five people transferred)					
Job Challenge	To foster departmental human resources, select those wishing to meet new challenges at the head and branch offices (seven people transferred)				
Human Resources Bank	Register in-house applicants and disseminate information Companywide to encourage the use of in-house people who satisfy operational requirements (implemented from FY2007, with 18 people registering)				
Chief Challenge Examination	Motivates employees with outstanding capabilities and a desire for change to enhance their skills and obtain earlier promotions (we passed and promoted 176 employees)				

#### Employee Assessments that Enhance Human Resources

We introduced a goal management system for all managers (excluding seconded and temporary employees). Every manager establishes annual Companywide objectives at the start of each year. We then assess the achievements at the year-end, and the managers refer to the results when setting objectives for the following year.

At the start of the year, we inform regular employees of the areas on which we would like them to focus, basing assessments on progress in those fields. We complement those evaluations by interviewing employees individually, to provide additional feedback and guidance.

### **Reflecting Employee Opinions**

We offer ongoing opportunities for discussion between employees and human resources officials, and conduct an annual satisfaction survey for all employees to assess morale and compliance with our personnel systems. Such efforts secure feedback that we reflect in our personnel policies.

Senior executives regularly visit business sites to exchange views with employees. Through All Opinions, a special committee that we established in 2008, executives discuss ways to respond to feedback from visits.



All Opinions committee meeting

## Initiatives to Better Balance Work and Private Lives

External lecturers hold seminars to raise awareness of ways to improve hourly productivity.

We control the time employees spend using personal computers to help maintain physical and mental health and comply with the Labour Standards Law and other regulations.

#### TOPIC

#### Seminar to Improve Work Efficiency

In November 2008, we held a seminar at which guest lecturer Kouichiro Yoshikoshi spoke about the need to improve hourly productivity, discussing the professional and personal skills which employees can acquire to eliminate the need for overtime.

He compared Japanese and Western notions about balancing work and personal lives and offered tips for working more efficiently.

One participant said that, "We want to attain days when there is no overtime."



#### Labor-Management Relations

Labor unions share our goal of ensuring sustainable progress. Management therefore strives to maintain healthy and cordial relationships with them.

We keep in close daily contact with unions and share information. We also hold labor–management and special management committee meetings with unions.





## **Maintaining Our Safety-First Principle**

The top priority in all our business activities is to ensure safety for society and employees by constantly endeavoring to improve our facilities and technologies.

## **Ensuring Nuclear Power Safety**

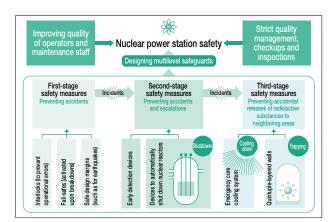
We strictly regulate our nuclear power stations to maintain safety based on rules and regulations covering everything from design and construction to operations, including official safety reviews, construction project approvals, preoperational tests and regular inspections.

To further improve safety and reliability, we established a quality management system, which the president heads. This system takes every possible step to ensure safe and stable nuclear power operations through quality assurance activities.

We underpin nuclear power safety measures by fostering a corporate culture that makes safety our top concern. We also draw on the latest domestic and overseas intelligence on nuclear safety issues, including those related to earthquakes.

#### **Nuclear Power Station Safety Framework**

We maintain multilevel safety measures to prevent nuclear power station accidents, such as accidental releases of radioactive substances.



### My CSR Efforts

#### Using the Safety-First Policy to Ensure Safe and Stable Nuclear Power Operations

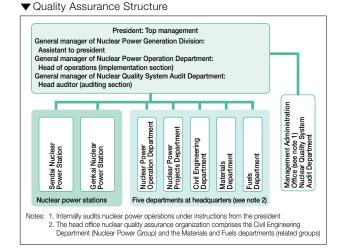
My job is to help ensure that operations at Genkai Nuclear Power Station are safe and stable. This entails regularly checking that pumps and valves function normally and replacing equipment. I also detect abnormalities as early as possible by monitoring meters and gauges, and making patrols to inspect each instrument. Nuclear power offers outstanding supply stability, a lower environmental impact and it is economical, which is why it is a key power source for Kyushu Electric. I will continue to work hard with our safety-first policy uppermost on my mind on behalf of local residents.



No. 2 Power Generation Division, Genkai Nuclear Power Station Tetsuya Yamashita

#### Safety Management System Quality Assurance Activities

Based on our quality management system policies, we comply with laws and ordinances and undertake security and quality assurance activities to ensure safe and stable operations.



#### Fostering a Culture of Safe Nuclear Power Operations

We believe that a culture of safety stems from individual awareness and how it blends into the workplace. We strive to build work site-focused operational management systems and work sites that ensure safety through proper communications and information both internally and with business partners.

We maintain extensive internal communications through conferences with executives and work site meetings. We keep close ties with business partners by jointly implementing pre-work meetings and site patrols.



### **Maintaining Nuclear Power Facilities**

#### Inspecting and Repairing Facilities in Line with Maintenance Management Rules

To ensure the safety and reliability of our nuclear power stations, we maintain and manage facilities and equipment in keeping with statutory and private-sector inspection and repair standards.

We improved our maintenance program by deploying new techniques as part of the full-fledged launch of a new inspection system in FY2009. We will further enhance nuclear power safety and reliability with these new techniques, while continuing ongoing efforts to improve maintenance.



Regular inspection

### **Managing Radiation**

#### Controlling Occupational Radiation Exposure

We minimize occupational radiation exposure at our nuclear power stations by shielding workers and having them perform tasks through remote control or automated systems.

In FY2008, the average occupational dosage at our facilities was 1.2 millisieverts (mSv), far lower than the legally permitted 50 mSv.

#### Managing Environmental Radiation

We constantly monitor radiation levels around our nuclear power stations and disclose real-time data on our Japanese Web site. We regularly measure the radioactivity of samples of soil, seawater, agricultural and marine products. We have found no environmental radiation from our facilities.

The annual dosage of people living around our nuclear power stations is under 0.001 mSv. This is well below the legal maximum of 1 mSv per year and the Nuclear Safety Commission's target of 0.05 mSv annually.

#### Implementing Preventive Maintenance

We refer to nuclear power station accidents in Japan and abroad to take thorough preventive steps and monitor the aging of our facilities. We also draw on our own knowledge to maintain and upgrade facilities and equipment.

#### Keeping Our Technological Edge

The technological capabilities of our employees are essential in keeping our nuclear power stations operating safely.

On-the-job training is the main tool for imparting operational and maintenance technologies. Operational simulators and maintenance facilities at the training centers of our Genkai and Sendai nuclear power stations help us retain our practical technological capabilities.



Simulator room at the training center of Genkai Nuclear Power Station

 Web site disclosing dosage data (image shows the layout at Genkai Nuclear Power Station)



#### Managing Radioactive Wastes

On-site facilities treat the radioactive gaseous and liquid wastes created by our nuclear power stations and safely dispose of them.

We store and strictly supervise solid wastes on-site and then ship them to Japan Nuclear Fuel Limited's Low-Level Radioactive Waste Disposal Center in Aomori Prefecture. The center stores the waste underground.



### **Preventing Nuclear Disasters**

Our nuclear power stations are fully prepared for emergencies.

#### Firefighting Preparedness

We maintain 10-person firefighting units at our nuclear power stations. Five of those firefighters are on station around-the-clock, with another five ready to participate in any emergency work. Each facility has a chemical fire engine and a water truck with a portable motor pump.

Satellite phones and other communications devices link these units directly with local fire brigades. Our units work closely with these brigades while conducting regular drills and other training.



#### Nuclear Disaster Drills

Our nuclear power stations maintain rigorous safety measures to minimize disaster risks. As part of ongoing efforts to ensure preparedness, we maintain contingency response plans with national and local government bodies in line with the Special Law of Emergency Preparedness for Nuclear Disasters and the Disaster Countermeasures Basic Act.

We participate in annual nuclear disaster drills in Saga and Kagoshima prefectures. Headquarters and our nuclear power stations have emergency response departments that regularly issue bulletins

and monitor the environment.



## **Ensuring Safe Products and Services**

### **Preventing Electric Shocks in Public**

We hold three publicity campaigns annually to help reduce the number of electric shock incidents. During Power Safety Month, we highlight this issue to engineering and construction firms, crane companies, educational institutions, municipalities and other organizations.

Other safety awareness tools include the Know Your Electricity pamphlet, which we distribute to new customers, and a Web site answering common questions on power usage. We recommend that customers check their facilities for potential problems and use their own safety procedures.



Public electric shock prevention posters

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#### Monitoring ISO 9001

## ▼Number of Public Electric Shock Incidents

	FY2004	FY2005	FY2006	FY2007	FY2008
Number	3	2	0	1	0

## Initiatives at Kyushu Meter & Relay Engineering Corporation

Group company Kyushu Meter & Relay Engineering Corp. specializes in maintaining, calibrating and manufacturing power meters. It holds in-house seminars based on ISO 9001 quality management systems, and handles employee self-assessments to familiarize all employees with the need to ensure the safety of meters used in power bill transactions. This company reviews customer complaints and explores remedial actions to ensure ongoing improvements.

Kyushu Meter & Relay Engineering Corp. will continue to refine its technologies and services to build customer credibility.



## Maintaining Safe and Healthy Work Environments and Occupational Safety

To ensure employee safety and maintain and promote physical and mental health, we instituted Companywide health and safety management policies, objectives and plans in keeping with a basic philosophy that makes health and safety main priorities. We seek to eliminate all occupational accidents and maintain the mental and physical well-being of employees while providing comfortable workplaces. We accordingly deploy diverse Companywide health and safety activities in which management and employees collaborate.

We encourage our people to care for each other, such as such by checking each other's physical condition every morning, and are expanding the role of the Safety and Health Committee in building workplaces that prioritize employee safety and mental and physical health.

### **Eliminating Occupational Accidents**

We are preparing our Occupational Safety and Health Management System to achieve zero accidents. We implement hazard prediction activities and the practice of pointing at objects to check safety before and after performing tasks. We also provide education and training to improve compliance with laws and ordinances, enhance safety awareness and help prevent occupational accidents.

	FY2004	FY2005	FY2006	FY2007	FY2008
Electric shocks	2	1	1	2	2
Traffic accidents	8	10	7	12	5
Falling objects	1	2	0	0	0
Others	16	19	16	29	17
Totals	27	32	24	43	24

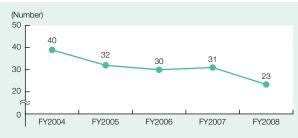
Note: The others category includes falls, tool mishandling and collisions with facilities equipment.

#### **Mandating Supplier Safety**

We support and instruct suppliers on their safety activities.

For example, we hold safety months in summer and winter, during which we patrol supplier work sites. We also meet with suppliers to discuss accident prevention and other safety issues.





## Ensuring Mental and Physical Well-being and Comfort

We create workplaces that minimize fatigue and stress, and maintain numerous programs to safeguard employees, complementing traditional measures to prevent diseases. The programs include helping employees build healthy bodies, notably by providing health guidance and offering mental health care. We also deploy initiatives to prevent illness from overwork, prevent eyesight damage from video display terminal usage and shield against passive smoking.

l evel 1	Educate and enlighten (instruct on recognizing and
Prevention	<ul> <li>Educate and enlighten (instruct on recognizing and addressing stress, and identifying and assisting others in stress)</li> <li>Measure occupational stress and build frameworks to improve working environments</li> </ul>
Level 2 Early detection, and response and alleviation	<ul> <li>Create a climate in which employees can identify when they experience stress (through interviews to assess health and simple occupational stress diagnoses)</li> <li>Make it easy for employees to seek help (through occupational therapists, mental health medical counselors and external consultancies)</li> <li>Encourage occupational therapists and industrial doctors follow up with sufferers of stress to quickly identify and treat their problems</li> </ul>
Level 3 Helping employees to return to work	<ul> <li>Provide support during treatment (liaise with case physicians, families and supervisors and regularly communicate with suffers)</li> <li>Assist employees when they return to work (initially shortening working hours, then prohibiting overtime and business trips)</li> <li>Provide work site support (liaise with supervisors and follow up with physicians and occupational therapists)</li> </ul>

#### **Our Industrial Physicians**

#### Rie Yoshikawa, Industrial Physician, Health Office

We help maintain and enhance employee health, which is fundamental to the Company's operations. Full-time occupational therapists at the head office, branch offices and power stations focus on services to assess the health of each employee. While collaborating with work sites to prevent and cure diseases, we aim to help create comfortable workplaces by exploring ways to collectively and individually to prevent overwork and safeguard mental health.



Opinion

From left in the back row are head office occupational therapists Ms Suga, Ms Arishima, and Ms Koga. From left in the front row are Dr. Fujishiro, supervising industrial physician, and Dr. Yoshikawa, head office industrial physician





## **Community Contributions**

We seek to act as a good corporate citizen by collaborating with the communities we serve and by contributing to society at large to promote comfortable living and sustainable development.

## Managing Community Contribution Activities

#### **Bolstering Our Community Contribution Activities Structure**

We play an active community role in a wide range of fields, in keeping with our Basic Policy for Coexisting with Communities and Society.

We have set up a liaison committee for community and social activities to share information on progress and challenges at business sites.

To continue gathering and reflecting local feedback, we will further improve the committee's PDCA cycle to resolve local issues with communities.

Quantitative Targets for FY2009 Kyushu Electric Power Group CSR Action Plan

One goal of the FY2009 Kyushu Electric Power Group CSR Action Plan is to improve customer satisfaction (see page 22).

- The following presents residential customer rates of satisfaction to two survey questions:
- 1. Does Kyushu Electric Power help invigorate the local economy and culture? In a FY2008 survey, 59.7% said yes, compared with more than 60% in a FY2006 poll.
- 2. Does Kyushu Electric Power engage in local activities, events and volunteer initiatives? In a FY2008 survey, 43.8% said yes, the best result to this point.

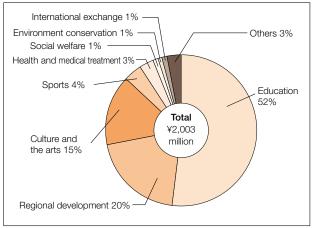
(We based our targets on the highest positive responses received.)

#### Basic Policy for Coexisting with **Communities and Society**

In keeping with the following principles, we act as a good corporate citizen to collaborate with the communities we serve and contribute to society at large to promote comfortable living and sustainable development.

- 1. We help create attractive communities and foster future generations in regional promotions, culture and the arts, sports, academia and education, social welfare, health and medicine, international exchanges and conservation. At the same time, we discuss and resolve issues with lcommunities and society.
- 2. We harness our management resources to use in these initiatives.
- 3. We communicate with residents by disclosing our activities. We work together with them and the community, and reflect their opinions in our actions.
- 4. We encourage our employees to participate in community and social activities.

#### FY2008 Expenditures on Community Activities



#### My CSR Efforts Treasuring Customer Communication to Build a Better Community

I work in arts and culture support, notably for the Ocha-no-ma Essay Contest, and in such youth support activities as visits to schools to hold classes. These activities aim to enhance regional cultural standards and educate children while deepening ties with local communities. We publicize our activities through the branch office Web site.

I want to continue participating in these activities to help build a better community and communicate more with the people in it.



Public Relations Group, Miyazaki Branch Office Kiyoe Nishihara



## **Good Corporate Citizenship**

We collaborate with communities around Kyushu in regional promotions, culture and the arts, and sports to make the region more attractive and to help foster its youth.

### **Initiatives to Enhance Regional Attractiveness**

#### Assisting Local Industries

Each branch office works closely with local municipalities, sponsors community improvement symposiums and holds expositions to support local industries to cultivate local economic growth.



#### Supporting Traditional Craftsmanship

We help maintain and preserve traditional crafts that are valuable cultural assets for Kyushu by cosponsoring and otherwise supporting exhibitions and craft classes around the region.

At the same time, we run a domestic and overseas training program that provides young artisans from Kyushu with financial assistance to refine their craftsmanship. To date, we have funded the training of total of 49 young artisans, 32 in Japan and 17 abroad.

#### TOPIC

#### The 25th Kyushu and Chugoku Traditional Crafts Festival

We sponsored the 25th Kyushu and Chugoku Traditional Crafts Festival at the Kyushu National Museum in December 2008. We exhibited the works of young artisans who trained under our domestic and overseas program, and made a presentation of FY 2008 trainee at the commemorative ceremony.

Around 15,000 people attended the festival and thoroughly enjoyed it. Our demonstration and do-it-yourself booth was particularly well received by foreign visitors.



#### **Culture and Arts Involvement**

#### Orchestral Concerts

We support the Kyushu Symphony Orchestra, the region's sole professional orchestra, by sponsoring the Kyuden Fureai Concert, Kyuden Bunka no Mori Concert and other events that enable communities to experience outstanding classical performances. The Kyuden Fureai Concert is for families in municipalities with little access to live performances. Top-placed young musicians from the Fukuoka round of the Student Music Concours of Japan perform with the Kyushu Symphony Orchestra.



Fureai Concert (sponsored by Kitakyushu Branch Office)

#### Participating in Local Festivals

Employees from our offices and Group companies help run local festivals to preserve local cultures and deepen community bonds.



Matsuura Suigun Festival (Paticipate in Matsuura Power Station)

#### Ocha-no-ma Essay Contest

Branch offices and local newspapers solicit applications for this essay contest.

FY2008 Activities
Kyuden Fureai concerts:
8 locations, with 4,981 people attending
(we donated ticket proceeds to local welfare organizations)
Bunka no Mori concert:
4 locations, with 6,105 people attending
(we donated ticket proceeds to local welfare organizations)
Participation in community festivals: 4,581 employees
Ocha-no-ma essay contest: 7,375 applications

#### Supporting Local Tournaments

We support local tournaments for everyone from children to senior citizens, to enhance community enjoyment and health and also to popularize and improve sport standards around the region.



Kyushu Electric Power Cup Boys Soccer Tournament (sponsored by Miyazaki Branch Office)

#### Tournament sponsorships in FY2008

Through 79 offices, we supported 103 tournaments in 22 sports in which 46,510 people participated.

#### Community Collaboration through the Kyuden Voltex Rugby Team

Rugby is Kyushu Electric's symbolic sport. We continue to invigorate local sport through rugby by coaching local boys' rugby teams and participating in various events. At the same time, we strive to build strong support from the community.

#### FY2008 Activities

Rugby classes: 13 Number of participants: approximately 2,300



Rugby class

## Fostering Today's Youth Initiative

#### Cultural Activities

Each branch office engages in its own locally focused cultural activities, such as by holding essay and painting contests and concerts.

#### Visiting Institutions to Hold Classes and Holding Experiential Events

Our employees visit schools and other institutions to speak to young people about electric power and ways to conserve energy. Our experiential events feature scientific experiments for children. Both types of initiative aim to raise children's interest in environment and energy issues.



Painting contest (sponsored by the Kagoshima Branch Office)



Guest talk at a school (with employees from the Ainoura Power Station)

#### **Guest Speakers Demonstrate their Expertise**

My school requests guest speakers from Kyushu Electric Power every year. They put together interesting and innovative curriculums and materials based on their expertise. Our students love to attend these classes, probably because the speakers put in so much effort. They naturally enjoy the experiments and handicrafts, but they also listen attentively to the guest speakers, deepening their understanding of energy resources and environmental issues. We teachers are grateful to these speakers and the opportunities they give children to absorb the rich content they offer.

Incidentally, with revisions to nationwide teaching guidelines for public elementary schools, from this school year all students from third-grade have to learn about electricity in science classes. So, we are looking forward even more to classes by guest speakers who are electric power experts.



Educator, Omuta City Meiji Elementary School Tetsuo Miyashita

#### TOPIC

#### Music Classes from Members of London Symphony Orchestra (Fukuoka Branch Office Initiative)

The Fukuoka Branch Office launched its E-KIDS project to cultivate interest among the young in the earth, ecology and energy.

The office arranged guest music classes in 2008 as part of that initiative. Five members of the famed London Symphony Orchestra visited elementary schools in Fukuoka to perform and to provide instrumental instruction.



#### TOPIC

#### Increasing Interest in Energy and the Environment through Television Programs that We Sponsor

The Public Relations Department uses the mass media to boost interest in, and deepen understanding of, energy and

the environment among children. ○ Tan Q Science (produced by

Television Nishinippon Corporation) This children's program answers common questions about energy and science in an easy-to-understand format, using images, graphics and experiments.

In January 2009, the program won the 39th Takayanagi Memorial Planning Award, which is for outstanding contributions in popularizing science and technology on television.

○ Aya-chan's Eco Diary (produced by Fukuoka Broadcasting Corporation) This series of dramas presents energy-saving and environmental ideas

from a fourth-year girl called Aya-chan.





## Group Company Initiatives

#### Accepting JICA Trainees

An initiative of Tobata Co-operative Thermal Power Company, Inc.

This associate company accepts trainees from the Japan International Cooperation Agency.

Trainees from Vietnam, India and China focus on the following subjects based on the theme of energy conservation:

- 1. Classes on the thermal efficiency of thermal power facilities
- 2. Written work on heat efficiency of bolier and turbine
- 3. Visits to thermal power facilities



#### Assisting Young Academic Researchers An initiative of Kyudenko Co., Inc.

This associate company has supported young people researching advanced technology since 2000. It has assisted 28 researchers to date with grants of ¥1 million each. They report on the results of their work at technology symposiums.

#### Research Themes Supported in FY2008

- Establishing fracture mechanics assessment methodologies for the influence of rolling contact fatigue on delamination
- Research into the characteristics of linguistic expressions in standard texts to help create good landscapes
- · Research into matrix converter modulation techniques and analytical features

## Supporting Employee Involvement in Community Activities

We support employee volunteerism by allowing people to take seven days off annually for volunteer activities, subsidizing their expenses for those initiatives, supplying them with information through notice boards and providing the requisite education.

We maintain a system to commend employees whose activities have contributed to communities over many years.

## We additionally offer funding for acquiring qualifications.

	FY2006	FY2007	FY2008
Number of days taken off under the volunteer system	246	262	278
Number of people commended for community contributions	32	37	30
Number of employees receiving funding for qualifications	36	32	47

#### TOPIC

#### Helping Operate Oita International Wheelchair Marathon (Oita Branch Office initiative)

This race debuted in 1981 to commemorate the International Year of Disabled Persons. It is one of the largest events of its kind in the world, attracting numerous athletes and participants. Under the motto of "Start by doing what you can," we have helped with traffic control and site operations for this event since 1994.

#### Assisting with Event Operations



People from the office, particularly colleagues from the Property Department, have helped with operations for the Oita International Wheelchair Marathon since 1994. It is famous around the world, with contestants in each disability category covering 42.195 kilometers. We assist with traffic control to prevent any interference with the athletes. I would like to continue contributing to the community through such future events.



Oita Branch Office

Kentaro Mieno



## Initiatives through Business Activities

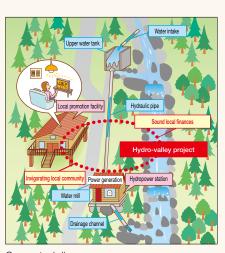
#### Revitalizing Communities through Micro-Hydropower Generation

The Civil Engineering Department draws on its business expertise to support local governments considering hydro-valley projects to harness local natural energy and reinvigorate communities.

Hydro-valley projects create local employment through projects to construct hydropower stations generating anything from tens to hundreds of kilowatts. The power sources can be mountain streams, irrigation channels and canals. Another local economic benefit is that these stations can promote distinctive industries.

Various government subsidies are available for hydro-valley projects, including those for research and construction. Such backing can reduce initial investments.

We provide detailed support to local governments needing hydropower expertise, helping them to survey prospective sites for micro-hydropower stations and apply for hydro-valley project development surveys from the New Energy Foundation. Group companies also provide support for designing and installing power facilities. We assisted with seven such projects in FY2008.



Conceptual diagram

#### Harnessing Convenient Electricity to Foster Agricultural Technologies

The Research Laboratory's Bioresources Research Center is working on heat pump applications for agriculture, technologies to keep agricultural product fresh and nutriculture to support agricultural progress in Kyushu.

Applying Heat Pumps to Agriculture

We are studying the use of heat pumps to air-condition greenhouses. Heat pumps already serve extensively in energy conservation in both industry and households.

For agricultural use, we plan to draw on the collaboration of marketing units and external partners to design an optimal hybrid heat pump system that incorporates a heavy oil boiler. We will also look into enhancing the efficiency of heat pump units.

• Technologies to Keep Agricultural Product Fresh We are employing low-temperature and controlled atmosphere storage that features low oxygen and high-carbon gas concentrations, to accommodate shipping variations for specialty fruits and vegetables from Kyushu and to handle the preharvest month shipments.

Treating fruits at 35°C can greatly reduce the acidity of citric fruits and ensure shipment stability for high quality items.



Equipment for storing agricultural products



Heat pump in a mandarin greenhouse

#### Nutriculture

We are researching cultivation technologies to provide nutritional water for liquid fertilizers in aquaculture systems. Using cultivating equipment that incorporates this technology, people can grow their own vegetables without conventional gardens.



Growing strawberries with the nutriculture system



Kyushu Electric Power will always endeavor to properly deliver electric power and energy to its customers. By providing services that improve society and enhance quality of life, we contribute to building a comfortable, environmentally friendly and sustainable society.

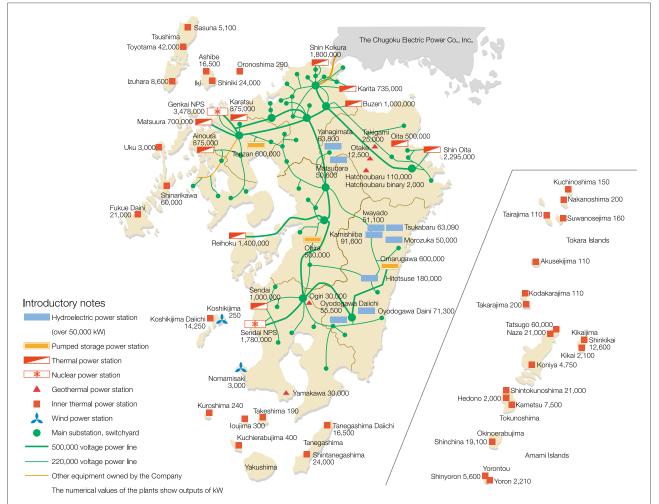
## **Electric Power Business**

Our mission and prime social responsibility in the electric power business is to provide safe, dependable and efficient supplies of electricity to our customers. To this end, we accommodate trends in electricity demand through efficient use of our facilities, while taking steps to reduce outages, optimally operating and managing those facilities and swiftly restoring power after disasters. These efforts have enabled us to raise our supply reliability standards while continuing to ensure universal service.

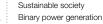
#### Building and Maintaining Facilities to Ensure Long-Term Stability and Efficiency

 Building Robust and Simple Transmission
 Lines to Prevent Major or Long-Term Outages
 We build efficient facilities from a long-term perspective, comprehensively taking into account such factors as demand trends, supply reliability from customer perspectives, safety, operational aspects of facilities and costs.

We ensure that facilities do not cause outages because of accidents or breakdowns. Our long-term goal is to build a trunk transmission system that will not succumb to widespread outages, even in the



▼Main Supply Facilities (as of March 31, 2009)



Glossa

event of a natural disaster. We are constructing a 500,000-volt trunk line in northern Kyushu with the understanding and collaboration of stakeholders.

#### Planned Facilities Upgrades

Power distribution facilities that we installed during Japan's era of fast economic growth will age considerably. We are therefore inspecting and repairing facilities, and intend to launch a planned replacement program to ensure long-term and stable maintenance. Key priorities are distribution facilities (including towers and power lines), transmission facilities (including transformers and circuit breakers) and power equipment (notably, power poles, lines and power pole-mounted transformers).

We are undertaking surveys and analysis to formulate plans for upgrading aging facilities. This will include improving the accuracy in power line life expectancy forecasts by evaluating any problems at our facilities and the data on deterioration.

#### Efforts to Maintain Reliable Supplies

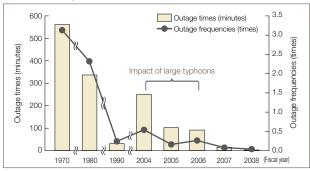
The emergence of a society that increasingly relies on ubiquitous, advanced information and all-electric housing has made customer needs more diverse and sophisticated. It has thus become even more important to stably supply high-quality electricity. We therefore patrol our facilities daily, conduct inspections and repairs, maintain safe and efficient operations and also routinely develop and improve engineering techniques.

#### Preventing Outages

We prevent transmission and distribution line outages by stepping up patrols and countermeasures to identify risks and stop birds and other wildlife from nesting in our facilities. We constantly survey power lines and trim trees to prevent outages and facility damage, first obtaining the understanding and cooperation of relevant parties.

We also improve facilities to safeguard against lightning strikes, typhoons and other natural disasters and provide detailed maintenance services.

#### ▼Annual outage times and frequencies per customer



#### Advanced Facilities Operations and Management

The division that operates our power systems monitors frequencies, voltages and system reliability, and manages equipment around-the-clock. For example, when adjusting power source operations or discontinuing or switching over power systems, the division ensures a steady supply of power through different routes by automatically isolating outage sites from the rest of the system, in keeping with regular equipment and load conditions. Fast and proper handling by the division minimizes the scale of any outages that may occur.

The division that builds and manages power generation and transmission and transformation facilities uses computerized systems to set up files for all equipment and a database that monitors all the information from its facilities and operations to quickly identify abnormalities and analyze deterioration trends. The Distribution Department helps maintain supply reliability by expanding its use of fiber-optic remote control systems and also through computerized operational improvements.

We are also undertaking interruption-free line work to minimize our impact on customers.



Interruption-free line work

#### Developing Technologies to Improve Supply Reliability

We pursue ongoing technological development and research programs to supply power more reliably. Examples of this include the following:

- Research to prevent corrosion on electric power facilities (power generation, transmission and distribution)
- Using technologies to assess the remaining service lives of metallic materials at thermal power plants
- Researching the impact of large solar power systems on our grid

#### Reducing Temporary Drops in Voltage

To prevent outages from lightning strikes, our transmission lines shut off the grid for 50 to 200 milliseconds, causing short drops in voltage. These drops have almost no effect on household appliances which are in use, although some customers have found that equipment that is sensitive to such changes either shuts off or malfunctions.

We will minimize the frequency of such temporary voltage drops by improving facilities, more swiftly addressing breakdowns, installing even more lightning surge arrestors (current-limiting arc horns) on transmission lines and deploying other equipment.

We provide technical consulting for customers when needed as part of our customer facility evaluations, and make improvements in locations that are most vulnerable to voltage drops.

#### **Responding to Major Disasters**

We initiate our emergency management structure in response to predictions or occurrences of typhoons, earthquakes and other disasters. We keep in close contact with affiliates, business partners and government bodies in such circumstances so we can swiftly restore service. Every July before typhoon season in Kyushu, we conduct emergency drills for large-scale disasters. These drills focus on:

- 1. Confirming roles under the command system
- 2. Quickly assessing disaster conditions and formulating and implementing restoration initiatives
- 3. Quickly supplying accurate information in-house and to external bodies

4. Swiftly and accurately responding to customers We have drawn on our disaster experiences to improve systems in which large military helicopters can quickly carry generator trucks and other special vehicles to sites lacking power. We will continue to hold joint drills with the Ground Self-Defense Force

so we can swiftly restore services to areas without power because of typhoons, earthquakes and other disasters.



Joint training where a military helicopter transports a Kyushu Electric high-voltage generator trunk

#### TOPIC

1

### **Developing and Supplying Services to Meet Customer Needs**

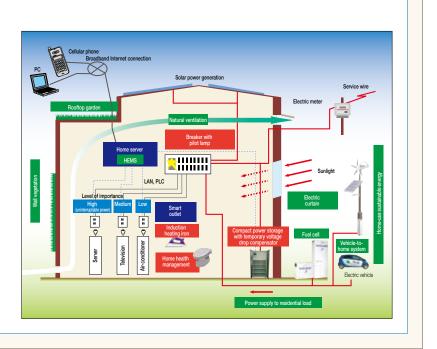
We deliver services that match customer expectations and needs.

#### Intelligent Housing

We built an experimental "intelligent house" within our Research Laboratory. The structure provides security, safety and comfort and is both environmentally friendly and economical. It also employs a host of technological and IT applications that use electricity.

We employed various systems in the house for research, including an induction heating iron and an energy management system that optimizes appliance loads and electric sources by monitoring operations.

We will draw on our knowledge from this research to innovate lifestyles using energy-saving and ecological technologies.



#### Mobile Power Information System

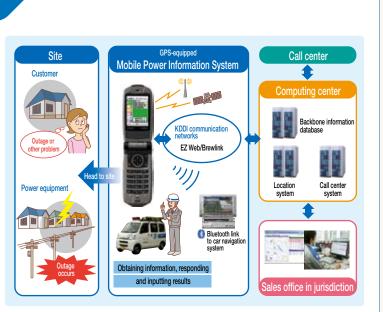
2

3

This system employs GPS-equipped cellular phones that support various field services, including the handling of customer applications and outage restoration.

This system enhances operations and enables us to serve customers more quickly and accurately. This is because 1) it shortens site arrival times because we can better identify current locations and operational situations, 2) we can obtain required information at sites, and 3) its robust security helps safeguard information.

We developed and deployed this system, which won a Grand Prix award at the 2009 MCPC Awards of the Mobile Computing Promotion



Consortium, which is sponsored by the Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry. We also received the Prime Minister's Award.

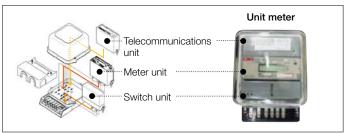
#### Planned Introduction of New Power Meters

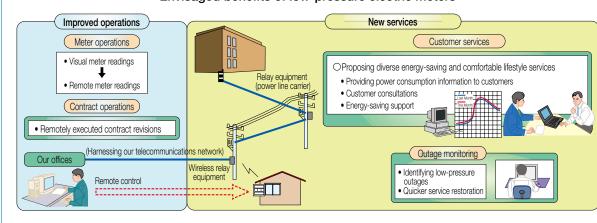
We are developing a low-pressure unit meter with telecommunications capabilities to improve customer services and streamline operations. We will then systematically deploy this product.

The envisaged benefits include being able to restore service more swiftly by identifying low-pressure outage areas, providing power usage status data, proposing energy-saving and comfortable living through consultations

and handling meter operations by remote control.

In FY2009, we will install these meters at around 10,000 customer premises and start trials for commercializing remote meter reading systems.





#### Envisaged benefits of low-pressure electric meters

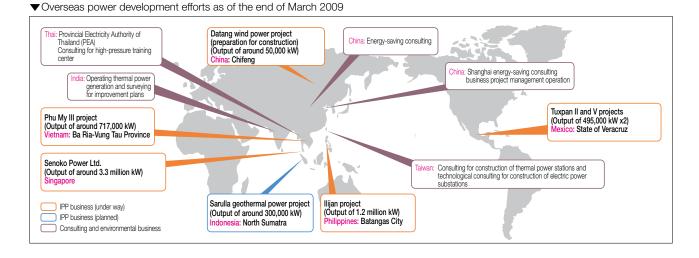
## **Overseas Operations**

The Group draws on expertise from its domestic electric power operations and personnel with advanced technological capabilities to build its overseas electric power businesses and consulting businesses, with particular focus on Asia. Consulting covers power source development, surveying and designing transmission and substation facilities, and energy savings and the environment.

We are collecting information to develop business

activities focused on Asia (particularly Indonesia, Vietnam, the Philippines and India), taking advantage of Kyushu's location, and are looking into deploying support bases for overseas projects.

Through these operations, we aim to provide stable supplies of electricity in Asia, where demand is soaring, while contributing to environmental measures, cultivating resources and building new businesses.



## Harnessing Group Management Resources to Cultivate Businesses

Our energy-related businesses include the wholesale of electricity, constructing and maintaining equipment, supplying materials and equipment and providing energy, including renewable sources. We are also building diverse businesses that meet customer and local needs in the social and lifestyle

areas, encompassing telecommunications, lifestyle operations and environmental and recycling. We will continue to develop businesses that match the needs of customers and local communities by drawing on Group management resources.

### **Energy-Related Businesses**

#### Kyuken Corporation Constructing and Repairing Transmission Lines

http://www.qken.co.jp

This subsidiary operates in the crucial fields of overhead and underground power transmission line engineering and also in maintaining transmission systems. It draws on the technological and response capabilities it has amassed since starting operations in 1953.

The company works around-the-clock after a disaster to restore power lines as swiftly as possible. It also conducts regular construction engineering and maintenance work on lines that transmit high-voltage electricity to substations from our power stations.

Kyuken develops and exploits diverse new technologies and ideas, including those for rebuilding

transmission towers without interrupting supply and providing engineering services for laying submarine cables.

This company will proudly continue to serve and satisfy customers by drawing on its highly skilled workforce.





http://www.gic.co.jp

#### **Telecommunications Business**

#### Kyuden Infocom Company, Inc. Data Center and IT Consulting Businesses

This subsidiary operates data center and IT consulting businesses that harness advanced expertise and infrastructures.

The data center business manages information systems for local governments and corporations and employs diverse security systems, including biometric authentication and around-the-clock manned surveillance systems. Its facilities feature seismically isolated buildings.

The IT consulting business develops and provides applications for local governments, universities and corporations, and provides network solutions consulting.

Kyuden Infocom will continue to help society exploit information technology by creating services that match customer needs.



#### **Environmental and Recycling Business**

Japan Recycling Light Technology & System **Recycling Used Fluorescent Bulbs** 

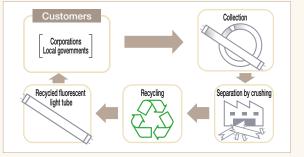
This subsidiary recycles the glass, phosphorous, mercury and metals from fluorescent light tubes collected from corporations, schools and local governments.

The company contracts the production of lamps made from the recycled materials and sells them under the Yoka Lamp and Top Star brands, which comply with the Act for Promoting Green Purchasing. The company also maintains a used battery recycling business.

In recognition of its high social value, this company received an award in February 2008 from the Kitakyushu City government for excellence in industrial waste disposal. In December 2008, it received a Special Jury Award in the Eco Services Category at The 5th Eco-Products Awards.

The company will remain committed to resolving social issues by fostering recycling and preventing pollution.

Fluorescent tube recycling business



#### Lifestyle-Oriented Business

### **Kvuden Good-Life Corporation**

**Developing Apartment Complexes for Senior Citizens** 

This subsidiary develops modern apartments for senior citizens in central urban locations. These facilities ensure safety through medical support and other services and provide comfortable lifestyles. The company operates such facilities in Fukutsu in Fukuoka Prefecture, and in Kumamoto and Kagoshima. It is constructing a new senior apartment complex in the Josui district of Fukuoka. The scheduled opening will be in May 2010.

http://www.kyuden-gl.co.jp/

http://www.j-relights.co.jp

Kyuden Good-Life will continue to serve senior citizens who wish to remain active.



Grand Garden Fukuoka-Josui

Recvclina

Data center

## **Outline of Group Companies**

A Facilities Construction and Maintenance			
Company	Main Business		
Kyushu Rinsan, Co. Inc.	Planting vegetation at power stations and other facilities		
Nishi nippon Plant Engineering and Construction Co., Inc.	Constructing, maintaining and repairing power facilities		
Kyuden Sangyo Co., Inc.	Environmental preservation activities at power generation facilities		
West Japan Engineering Consultants, Inc.	Civil engineering surveys and design and construction engineering		
Kyudenko Co., Inc	Engineering for power facilities		
Nishikyushu Kyodo Kowan Co, Ltd.	Operating, maintaining and managing coal unloading and transportation equipment		
Kyuken Corporation	Constructing and repairing power lines		
Nishigi Kogyo Co., Inc.	Maintaining conduits for hydroelectric power stations		
Nihon FRP Co., Ltd.	Designing, producing, repairing and installing reinforced plastic equipment		
Nishida Techno Service Co. Ltd.	Maintaining, inspecting, design, production and construction of floodgate and dam facilities		
NISHIGI SURVEYING AND DESIGN Co., Ltd.	Surveying, measuring, designing, producing drawings and managing civil engineering construction		
Plazwire Co., Ltd.	Thermal spraying work		

	M	Energy-Related	Businesses
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Equipment and Materials Supply

Company	Main Business
KYUKI Corporation	Manufacturing and selling electrical machinery
NISHI NIPPON AIRLINES CO., LTD.	Transporting air cargo
Kyushu Meter & Relay Engineering Corporation	Repairing and maintaining electronic instruments
KOYO Electric Industrial Company Incorporated	Manufacturing and selling high- and low-voltage insulators and other equipment
Kyuhen Co., Ltd.	Manufacturing and selling electric equipment
Kyushu Koatsu Concrete Industries Co., Ltd.	Manufacturing and selling concrete poles
CONTEX	Manufacturing and selling concrete products
SEISHIN CORPORATION	Selling electric equipment
Nishi Nippon Denki Tekko Co. Ltd.	Designing, producing and selling steel towers and other steel structures
Japan Australia Uranium Resource Development Co., Ltd.	Acquiring and selling natural uranium

## 🕱 Wholesale Electric Power and Energy

Company	Main Businesses
Tobata Co-operative Thermal Power Company Inc.	Supplying wholesale power
Oita Co-operative Thermal Power Co., Inc.	Supplying wholesale power
Kyuden International Corporation	Acquiring and owning shares in overseas power companies
Oita Liquefied Natural Gas Company	Receiving, storing, vaporizing and delivering liquefied natural gas
KITAKYUSHU LIQUEFIED NATURAL GAS Co., Inc.	Receiving, storing, vaporizing and delivering liquefied natural gas
Nishinippon Environmental Energy Co., Inc.	Maintaining distributed power systems business and providing energy efficiency consulting
Fukuoka Energy Service Company Incorporated	Supplying heat
Miyazaki Biomass Recycling Co., Inc.	Generating power with poultry dung
Nagashima Windhill Corporation	Selling wind-generated electricity
Amami Oshima Wind Power Co., Ltd.	Selling wind-generated electricity
Washiodake Wind Power Co., Ltd.	Selling wind-generated electricity
KYUSHU CRYOGENICS CO., LTD.	Manufacturing and selling liquid oxygen, liquid nitrogen and liquid argon
Kitakyushu LNG Lorry Sales	Transporting and selling liquefied natural gas
Fukuoka Clean Energy Corporation	Incinerating general waste and generating power
Pacific Hope Shipping Limited	Purchasing, operating, chartering and renting liquefied natural gas carriers
Kyuden Ilijan Holding Corporation	Investing in Ilijan independent power producer company
Phu My3. BOT Power Co., Ltd.	Operating power station and managing No. 3 unit of Phu My independent power producer project
Electricidad Aguila de Tuxpan, S. de R.L. de C.V	Operating power station and managing No. 2 unit of Tuxpan independent power producer project
Electricidad Sol de Tuxpan, S.de R.L. de C.V	Operating power station and managing No. 5 unit of Tuxpan independent power producer project
Kyuden Sarulla	Investing in Sarulla geothermal independent power producer business company
Sarulla Operation	Operating power station and managing Sarulla geothermal IPPP project
Lion Power Holdings Pte Limited	Investing in Senoko Power Ltd.
Datang China-Japan (Chifeng) Corporation	Operating power station and managing Datang wind power project in China



## Telecommunications

Company	Main Businesses
Kyushu Telecommunication Network Co., Inc.	Providing fiber-optic cable and broadband services
Kyuden Infocom Company, Inc.	Providing information technology planning and consultation and managing data centers
NISHIMU ELECTRONICS INDUSRIES, Co., Ltd.	Manufacturing, selling, installing and maintaining telecommunications equipment
Q-DEN BUSINESS SOLUTIONS Co., Inc.	Developing, operating and maintaining information systems
RKK Computer Service Co., Inc.	Developing and selling computer software
Kagoshima Hikari Television Co., Inc.	Cable television broadcasting
RKKCS Software Co., Ltd.	Computer programming
COARA Co., Ltd.	Internet connection and contents production

## Environment and Recycling

Company	Main Businesses
Kyushu Environmental Management Corporation	Recycling confidential documents
Japan Recycling Light Technology & System	Recycling fluorescent bulbs and dry-cell batteries



Company	Main Businesses	
DENKI BLDG. Co., Ltd.	Leasing and managing real estate	
Kyuden Good-Life Corporation	Supervising condominium businesses for elderly citizens (Kyuden Good-Life Higashifukuoka, Kumamoto, Kagoshima and Fukuoka-Josui)	
Kyuden Good Life Higashifukuoka Company, Inc.	Managing nursing homes and services	
Kyuden Good Life Kumamoto Company, Inc.	Managing nursing homes and services	
Kyuden Good Life Kagoshima Company, Inc.	Managing nursing homes and services	
Kyuden Good Life Fukuoka-Josui Corporation	Managing nursing homes and services	
Kyuden Real Estate Co., Ltd.	Leasing real estate and acquiring land	
Kyuden Office Partner Co., Inc.	Providing clerical and consulting services	
Kyuden Business Front Inc.	Providing staffing and recruiting services	
Kyushu Housing Guarantee Corporation	Assessing houses and other buildings and providing security services	
Kyuden HOME SECURITY Co., Inc.	Providing home security and monitoring	
Kyuden Shared Business Corporation	Providing corporate accounting services and personnel and labor services	
Kyushu Captioning Co-Production Center Inc.	Producing subtitles for television shows (special-purpose subsidiary unde the Disabled People Employment Promotion Act)	
Oak Ltd.	Managing condominiums	
Kyushu Kougen Kaihatsu	Managing golf courses	
Ito Golf Club	Managing golf courses	
Fukuoka Shintoshin Kaihatsu	Managing and leasing real estate	
Midorigaoka Living Support	Constructing, leasing and managing housing for civil servants	
Capital Kyuden Corporation	Acquiring and owning securities and lending to Group companies	



Kyushu Electric offers stable dividends to its shareholders in keeping with its commitment to stably and efficiently supplying electricity to its customers. We are strengthening our financial position and are investing to ensure sustainable corporate growth.

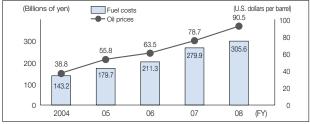
## **Operating Status**

#### **Revenues and Expenses**

Kyushu Electric strove to lower its interest costs and downsize its capital investments and workforce. We have reviewed our power rates five times since the reforms to the nation's electric power industry in 2000. We have endeavored to maintain the profit margins we need to improve our balance sheets and maintain stable dividends while seeking to lower our electricity rates.

Despite these efforts, we did not reach our Midterm Management Policy targets in the year under review. This was due to surging fuel costs and the impact of external fund allocations in keeping with the enactment of the Nuclear Backend Fund Law in October 2005.

#### Fuel costs and oil prices

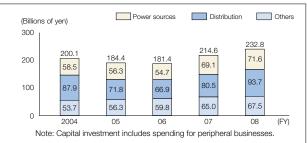


Note: Oil prices based on trade data

### **Management Efficiency**

Maintenance and miscellaneous costs increased due to efforts to improve aging facilities and implement quake resistance safety assessments at nuclear power stations. However, we strove to boost overall efficiency by reviewing facility inspections and

#### Capital investment



## Mid-term Management Policy Targets and Results for FY2005 to 2009

▼ Profitability and Financial Stability

	Targets (Averages for FY2005 through 2009)	Results (Averages for FY2005 through 2008)
Free cash flow	¥120 billion (¥100 billion)	¥46.4 billion (¥40.3 billion)
Ordinary income	¥110 billion (¥100 billion)	¥91.6 billion (¥79.7 billion)
Return on assets	3% (3%)	2.0% (2.0%)
Shareholders' equity ratio	30% (30%) by the end of FY2009	25.7% (25.6%) by the end of FY2008

Notes: Free cash flow = Net income + depreciation and amortization + change in net receivables – capital expenditures Return on assets = Net operating profit after tax / average total assets Figures in parentheses are nonconsolidated.

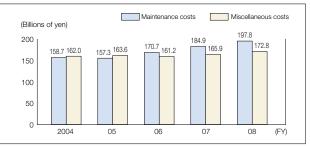
#### ▼Growth

	Targets (Increases between FY2003 and 2009)	Results (Increases between FY2003 and 2008)
New demand from the electric power business	3.7 billion kWh	3.9 billion kWh
Non-electricity sales outside the Group	¥100 billion	¥119.9 billion

maintenance while integrating and standardizing equipment without compromising safety and supply reliability.

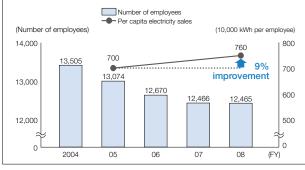
We are using information technology resources to overhaul clerical processes and thus bolster efficiency and employee productivity.

#### Maintenance and miscellaneous costs





#### ▼Number of employees



Note: Electricity sales volume per employee is calculated excluding personnel engaged in new business and loaned workers

## **Overview of FY2008 Results**

In FY2008, consolidated power sales volume dropped, but total operating revenues rose 2.8% year on year, to ¥1,524.1 billion, on the strength of higher residential lighting charges under the fuel costs adjustment system. Total ordinary revenues advanced 2.7%, to ¥1,534.6 billion. Total ordinary expenses increased 4.4%, to ¥1,484.1 billion, reflecting higher fuel and electricity purchase costs in the first half of the term for the electric power business.

As a result of these factors, ordinary income fell 30.3%, to ¥50.4 billion. After recording a ¥5.4 billion gain on sales of securities, net income declined 18.5%, to ¥33.9 billion.

### **Consolidated Segment Performances**

#### Electric Power

Operating revenues from this business increased 2.6%, to ¥1,400.7 billion, owing to higher residential lighting electricity sales. Segment operating income dropped 21.4%, to ¥74.1 billion, reflecting rises in fuel and electricity purchase costs.

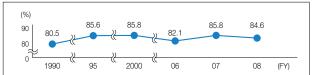
#### Energy Related Business

Segment operating revenues increased 6.9%, to \$157.2 billion, as the number of consolidated subsidiaries rose by two during the end of the second quarter of the previous year. Operating income dropped 11.4%, to \$7.5 billion, due to higher cost of sales because of power plant construction.

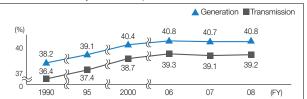
#### IT and Telecommunications

Operating revenues were up 4.9%, to ¥92.7 billion, reflecting an increase in the number of lines for broadband services. Operating income improved ¥2.4 billion to ¥700 million.





#### ▼Thermal efficiency of thermal power stations



(Billions of yen, %)

Note: Based on higher heating value (HHV)

▼Consolidated Statements of Income

		FY2008	FY2007	Change	Percentage change
	Total operating revenues	1,524.1	1,482.3	41.8	2.8
	Other revenues	10.4	11.2	-0.8	-7.1
To	tal ordinary revenues	1.534.6	1,493.5	41.0	2.8
	Total operating expenses	1,439.4	1,376.8	62.6	4.5
	Other expenses	44.6	44.3	0.2	0.7
To	tal ordinary expenses	1,484.1	1,421.2	62.9	4.4
Op	perating income	84.7	105.5	-20.8	-19.7
Or	dinary income	50.4	72.3	-21.9	-30.3
Ex	traordinary profit	5.4	-	5.4	_
Inc	come taxes	21.4	29.8	-8.3	-28.2
in	nority interests net income of				
CO	nsolidated subsidiaries	0.3	0.8	-0.4	-62.5
Ne	et income	33.9	41.7	-7.7	-18.7

▼Segment results		-	(Billio	ons of yen, %)
	FY2008	FY2007	Change	Percentage change
Electric power Operating revenues Operating income	1,400.7 74.1	1,365.7 94.3	35.0 –20.1	2.6 -21.4
Energy Operating revenues Operating income	157.2 7.5	147.0 8.5	10.1 -0.9	6.9 –11.8
IT and telecommunications Operating revenues Operating loss	92.7 0.7	88.4 -1.6	4.3 2.4	4.9
Others Operating revenues Operating income	24.4 1.6	24.8 3.4	-0.4 -1.8	-1.6 -52.9

Note: Electric power business excludes peripheral operations.

#### Others

Segment operating revenues were down 1.7%, to ¥24.4 billion. Operating income dropped 52.5%, to ¥1.6 billion, reflecting to an increase in rental building rebuilding costs.



## Third-Party Assessments



Faculty of Law and Law School, Seinan Gakuin University, Section Chief at the Law Department of Seinan Gakuin University Graduate School and Doctor of Juridical Science

#### Professor Kazutake Okuma

We sought assessments and opinions from Professor Kazutake Okuma of Seinan Gakuin University and Ms. Fumiko Takayama, Deputy Mayor of Oki Town, Mizuma District, Fukuoka Prefecture, to confirm the objectivity of this report.

This 2009 report is Kyushu Electric Power's fourth CSR Report. Although it employed the same format as last year, it is now much easier to read, and reflects some additional ideas. The report explains the electric power businesses. The new glossary aids understanding, and is the fruit of feedback to a reader survey that showed that some thought the terminology hard to understand (see page 20). This responsiveness shows that the Company cares about making its report better. I expressed my basic ideas on corporate social responsibility in last year's CSR report. This year I would like to mention the initiatives presented in this report and the descriptions of them.

#### Stable Electric Power Supply

What people want to know about most is the Company's CSR initiatives in its operations. The reader survey showed that people were most interested in the issue of energy.

The Focus 1 section of the report explains power supply stability and explores the switch from coal, petroleum and other fossil fuels to nuclear power. Pages 9 and 39 comprehensively explain the causes of such changes from the perspectives of resources, stability and economy, and are

supplemented by graphs and tables. Continuing from last year's report, the Company explains its plan to make nuclear power its core energy source, with drawings referring to the loading of MOX fuels in the No. 3 unit of Genkai Nuclear Power Station, construction plans for the No. 3 unit of Sendai Nuclear Power Station and information on a pluthermal project. Since Tokyo Electric Power and Kansai Electric Power dropped two earlier projects, the Company has attracted attention for leading this field in Japan. MOX fuels arrived at the port of Genkai in late May. Kyushu Electric Power plans to start operations with these fuels in November 2009.

The report goes on to explain other power sources, like wind power, geothermal, solar power and biomass on pages 11, 12 and 39, and this has increased my understanding of these areas.

Safety and stability are peoples' prime concern with electric power, particularly for nuclear power. Pages 45 to 47 explain the safety, security management and fire defense systems under the title of Maintaining Our Safety-First Principle. It also explains systems for speedy responses that deploy satellite phones. Page 58 describes the use of GPS-equipped phones to swiftly resolve outages. Newspapers have recently reported on these new initiatives.

Another important issue is environmental management. Pages 31 and 32 explain the Environmental Charter and Action Plan under the title of Environmental Management. On page 34, the Company says that it participated in an emissions trading trial and aims to cut power operations emissions by 20%. A 1,400 metric ton reduction in annual emissions from the use of electric cars is impressive, as also described on page 34. I hope some good publicity emerges from, as it is a first for the industry.

#### Disclosure

Timely disclosure is essential for corporate social responsibility. I have recently noticed from several corporate scandals that corporations debased themselves in handling the problems when they came to light, and some had to close down. These scandals resulted from persistent disclosure refusals and evasions of responsibility even as the scandals occurred. Top management must immediately lead when scandals arise.

Kyushu Electric Power says that it proactively discloses information to gain customer understanding and trust, providing easily comprehensible, timely and accurate disclosure through every means possible. The report also provides appropriate and timely information about nuclear power on pages 29 and 30, complementing its disclosure system, emergency responses and investor relations activities. Residents around its nuclear power facilities are not completely convinced that they are safe. But when you consider the poor handling of the issue at other electric power companies, you realize that communicating about nuclear power is very important. Kyushu Electric Power says that its policy is to engage in dialogue and visit stakeholders, so I am upbeat about the Company's activities.

#### CSR Report as a Communication Tool

I require a CSR report to connect a company and its stakeholders. Failures and other negative aspects are part and parcel of corporate management, not just successes. I believe that ensuring timely disclosure and responses to negative events will maintain and enhance corporate value.

On page 7 of the report, a two-way arrow connects the Company's Mission and Long-Term Management Vision. There are also two-way links between Management Direction and Customer Satisfaction for creating sustainable corporate value. I think the twin-directional arrows demonstrate the stance of the Company with regards to its customers, and this is why customer satisfaction rose in the 2008 reader survey, as explained on page 22.

Response to Third-Party Assessment

S

Kyushu Electric Power deemed it important to solicit third-party assessments and opinions to ensure the objectivity of this publication and increase reader trust.

For the 2009 version, we again sought input from Professor Kazutake Okuma of Seinan Gakuin University and also asked for an assessment from Ms. Fumiko Takayama, Deputy Mayor of Oki Town in Mizuma, Fukuoka Prefecture. Both objectively analyzed the report and provided specific opinions and suggestions.

In the 2008 report, Professor Okuma expressed his stance on complying with Antimonopoly

Act. In line with his suggestion, we established the Legal Affairs Office (see page 25) in July 2008 to comprehensively handle all legal matters for internal publicity and to ensure full compliance with laws and regulations. Despite this we received an elimination order from the Japan Fair Trade Commission in October 2008. We are currently endeavoring to adopt measures to prevent a recurrence of the problem, as described on page 26. We will redouble efforts to promote compliance awareness by going back to basics. We will continue working to ensure timely and accurate disclosure, particularly where failure to disclose such information would harm customers and society. In that respect, we are bearing in mind Professor Okuma's stance last year on the importance of timely disclosure.

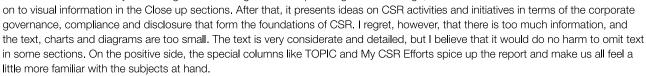
Corporate scandals have erupted one after another in the past few years. I believe there is now a mainstream social trend of rating companies by how they respond to scandals and holding them accountable. So, this is why people are even more demanding about corporate social responsibility. But this just means that people are really thinking of corporate social responsibility in terms of compliance. The term actually has a much broader meaning. On that note, when I read Kyushu Electric Power's CSR report, I was astonished that the Company has gone so far in defining its corporate social responsibilities.

I believe the biggest topic with Kyushu Electric Power is its pioneering deployment of pluthermal power generation in Japan. The Close up 1 section covered this content on page 10, which I thought was timely.

I expect to read details of the results of the deployment in next year's report.

#### Report Structure

I think the structure is very well thought out. Starting from the top management message, it moves



Ms. Takayama suggested further promotion of environmental management and community collaboration. We will continue to pursue Groupwide initiatives through the Group Environmental Management Subcommittee and Group CSR Promotion Subcommittee (page 19). In terms of work–life balance, we will push ahead with our Action Plan to Support Child Care, as mentioned on page 42, and will try harder to address society's desire for gender equality and a reversal of the birthrate decline by continuing to raise employee awareness.

Both Professor Okuma and Ms. Takayama made suggestions about nuclear power generation initiatives, including for our pluthermal project. We will continue to disseminate information from the viewpoints of customers and communities while maintaining our safety-first principle.

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.



Director in charge of CSR, Executive Vice President, Kyushu Electric Power Co., Inc.

## Mitsuaki Sato

#### Looking for Initiatives in Each Chapter

Each initiative is detailed and demonstrates the Company's stance.

- Compliance: I laud the Company for disclosing negative information on page 26, specifically mentioning violations in its pamphlet content and the steps it is taking to prevent recurrences.
- Environmental management: The Company shows that it takes steps as both a producer and consumer of electricity, showing its basic concept for helping to build a sustainable society. This shows that the Company is engaging properly in environmental management. As the electric power business and environmental issues are intertwined, I look forward to even better initiatives down the track by both the parent and Group companies.
- Respecting human rights and caring for employees: The report presents advanced work-life balance initiatives. Such balance is a precondition for gender equality, so I congratulate the Company for responding to society's demand for gender equality and reversing the declining birthrate. The commitment is also evident in that the Company registered as a child care support company at early date, as advocated by Fukuoka Prefecture. I look forward to further endeavors in that respect. To promote the system more effectively, I suggest looking into why employees did not take advantage of its program, take remedial steps if finding that some wanted to use it but could not, and report on the results by adding to the table on page 42 (Child and Family Care Support System Overview and Achievements).
- Maintaining the safety-first principle: There are careful explanations using the concept of building a culture of safety in nuclear power operations, but I would like the Company to further extend its safety measures, as there is great public concern about the issue. I think the Company needs to undertake more disaster prevention initiatives and publicize its efforts whenever possible.
- Community Contributions: I was intrigued by how the Company matches diverse activities to local characteristics. Particularly impressive was the initiative to invigorate local communities through micro-hydropower generation and the use of electricity to foster agricultural technologies (see page 54). I look forward to seeing more of these creative and beneficial community initiatives. Because of the tough operating climate, some companies say that they cannot carry on with their local contribution efforts even though they want to. In that sense, I would love large entities like the Kyushu Electric Power Group to take the lead in that respect.

#### Conclusion

I share the report's stance that an electric power company's prime CSR activity should be to consistently and effectively deliver high-quality electricity, making safety a top priority. I hope that Kyushu Electric Power will undertake other diverse activities after fulfilling its prime role.



Deputy Mayor, Oki Town, Mizuma District, Fukuoka Prefecture, Former Director of Fukuoka Prefectural Center for Promotion of Gender Equality and Former Part-time Instructor at Chikushi Jogakuen University

Fumiko Takayama

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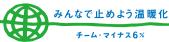
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