

## 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.

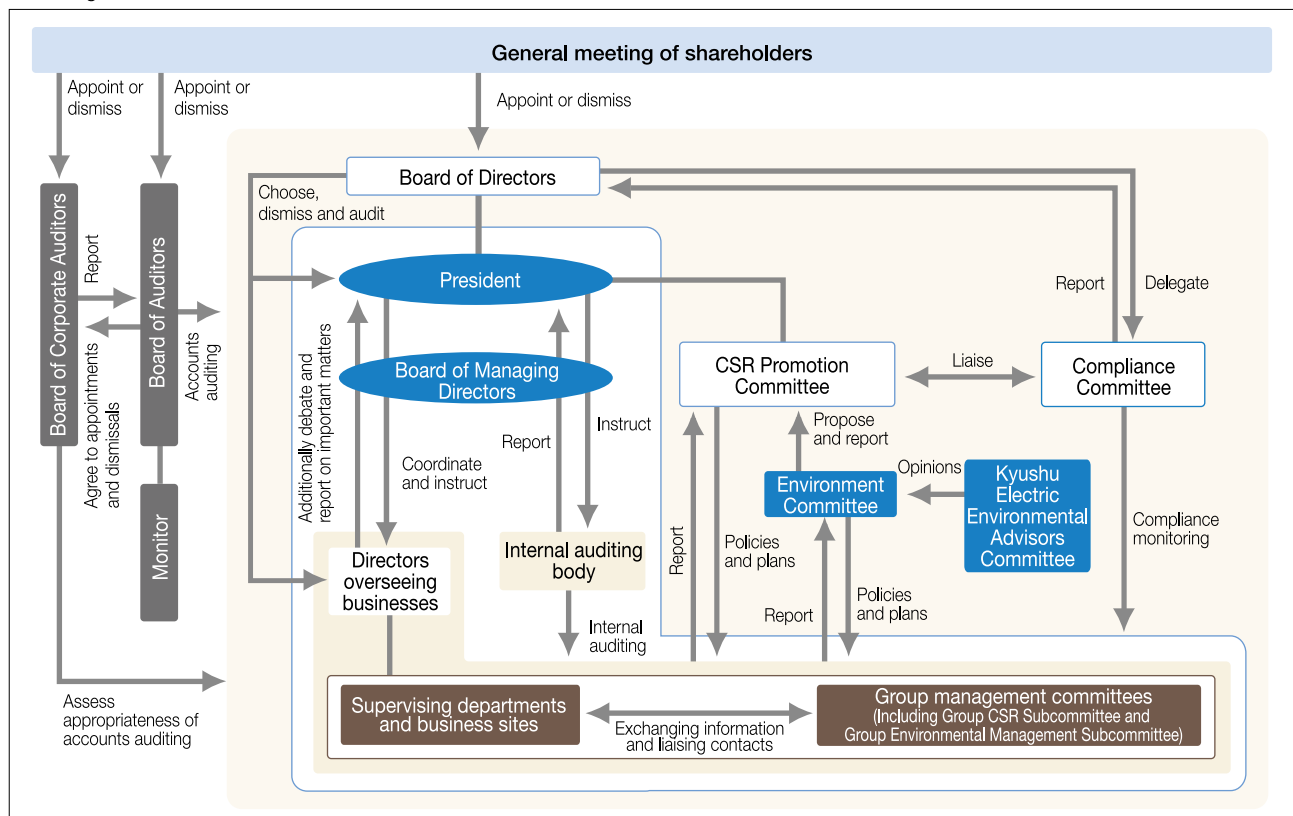
Each division and branch office has an executive officer to accelerate decision making and streamline operations.

### 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.

