

# Third-Party Assessments

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.



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## Professor Kazutake Okuma

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 Assessments

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 on to visual information in the Close up sections. After that, it presents ideas on CSR activities and initiatives in terms of the corporate governance, compliance and disclosure that form the foundations of CSR. I regret, however, that there is too much information, and the text, charts and diagrams are too small. The text is very considerate and detailed, but I believe that it would do no harm to omit text in some sections. On the positive side, the special columns like TOPIC and My CSR Efforts spice up the report and make us all feel a little more familiar with the subjects at hand.

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.



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**Mitsuaki Sato**



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**Ms.  
Fumiko Takayama**

## 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.