



In 2015, Japan announced a Corporate Governance Code that now applies to all listed companies. Upon application of the Code, moves to appoint external members of the Board of Directors accelerated at all companies with an Audit & Supervisory Board. We asked external members of the Board of Directors Akiyoshi Watanabe and Ritsuko Kikukawa to share their thoughts regarding such matters as the roles of external members of the Board of Directors and advice for Kyushu Electric Power.

**Q1**

**What are you mindful of during discussions at the Board of Directors and how do you view your own role?**

**External Director Watanabe** The main responsibility of an external director is to frankly state their opinions about management from the perspective of an outsider.

As external directors, we must proactively advise the Board of Directors, which supervises business execution, with the intention of enhancing its supervisory functions.

I attend meetings of the Board of Directors and Corporate Management Committee to share internal information, and I fall back on my extensive experience at an automaker when making a conscious effort to express my opinions about matters.

**External Director Kikukawa** I believe one responsibility of an external director is to facilitate logical decision-making by properly expressing opinions at the right time with the intention of enhancing the effectiveness of the Board. I believe external directors also stand on the borderline defining the inside and outside of a company, and have a duty to express their opinion when management's thoughts are out of sync with broader society outside the company.



Q2

How has Kyushu Electric Power changed, and what strengths have not changed, amid reforms to the electricity system in Japan, including the full liberalization of the electricity and gas markets?

**External Director Watanabe** When I was appointed an external director eight years ago, selling prices were determined using the fully distributed cost method, a formula that added a certain profit on top of necessary basic costs. For this reason, compared with other private-sector companies, I had the impression that Kyushu Electric Power had less incentive to improve productivity and lower basic costs. With reforms to the electricity system underway, including the full liberalization of the electricity and gas markets, however, I can see how Kyushu Electric Power has transformed itself with initiatives to more proactively engage in marketing and cut equipment procurement costs.

I believe the Company's unchanging strengths are its mission to reliably supply electricity and technologies, strengths that it must not lose amid reforms to the electricity system.

**External Director Kikukawa** I was appointed as an external director two years ago, when the Sendai Nuclear Power Station had not been restarted yet. The business environment was uncertain with the full liberalization of the electricity market coming the following year. Nevertheless, Kyushu Electric Power made steady progress forward as each and every employee worked hard and efficiently to overcome obstacles.

Today, Kyushu Electric Power has responded to the full deregulation of the retail electricity and gas sectors by creating new rate plans and services that reflect the lifestyles of its customers. By empowering women in the workplace and constructively taking on board advice from the perspective of a consumer, I believe Kyushu Electric Power has the potential to provide even higher levels of service.





## Q3

## What advice do you have for Kyushu Electric Power on future growth?

**External Director Watanabe** Among the former general electricity utilities, Kyushu Electric Power is able to provide electricity at inexpensive rates thanks to solid gains in business efficiency. The Company also has the technologies and expertise to reliably supply electricity, having been in the business for more than 60 years. Leveraging this experience and technological skill, I believe Kyushu Electric Power should expand growth opportunities by aggressively developing the electricity business in Kyushu, outside the Kyushu region, and overseas. To accomplish this, I think the Company needs to view changes in the business environment as opportunities and focus on training human resources able to positively take on new challenges.

**External Director Kikukawa** Based on my many years of experience in the educational field, I know it is possible to improve the skills of people no matter how old they are as long as they have the willingness to learn and grow. Putting in place an environment that respects employees' self-initiative and allows them to fully apply their skills is essential for riding out changes like the planned legal separation of business divisions.

I also believe it is important to have a shared awareness from top management down to the employee in the workplace. From this standpoint, I think President Michiaki Uriu's weekly televised address to all employees about conditions and issues at the company is an excellent way to raise this shared awareness.

I look forward to watching Kyushu Electric Power grow as the skills and creativity of each employee are leveraged and aligned with the top-down vector.