

The Kyuden Group Management Vision 2030

With “Make a brighter future for generations to come” as its brand message and mission, the Kyuden Group has grown along with Kyushu by supplying customers with reasonably-priced, high-quality power on a stable basis.

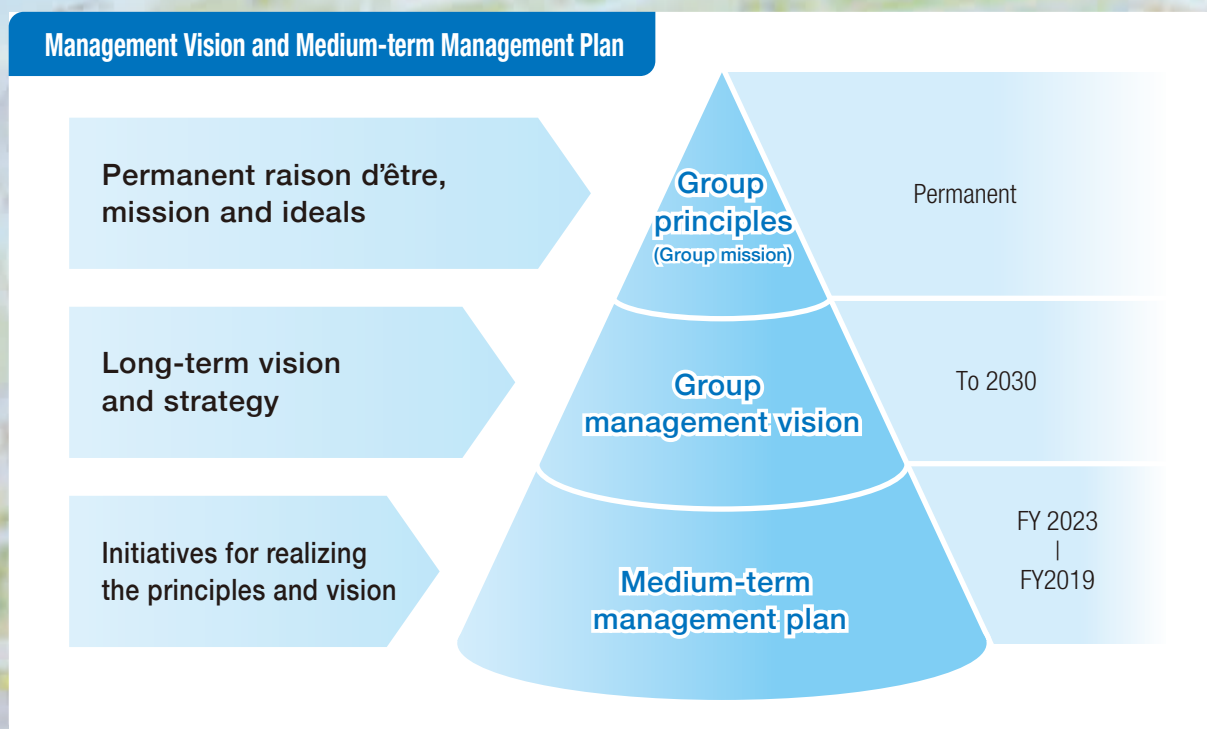
In recent years especially, however, our management environment has changed dramatically. April 2016 saw the full deregulation of the retail electricity sector, and in April 2017, the complete deregulation of the retail gas sector. In addition, in April 2020 we are scheduled to split off our power transmission and distribution business into a separate entity (in what is known as legal unbundling).

Across the globe, there is growing interest in, and awareness

of, the importance of sustainability, supported in part by ESG and SDGs, to create a better world and a better future for everyone that can be left to the next generation through the solution of global-scale social problems in such areas as the economy, society, and the environment. Enterprises are being looked to increasingly to play their part in solving these issues.

In addition, Japan’s population is progressively shrinking and aging, with marked concentration in large urban communities, and a wide range of problems are becoming more acute, including an increasing social and economic gap between regions.

At the same time, the advance of IoT, AI and other



Management Plan

technologies is enabling not only more efficient operations, but the creation (digital transformation) of never-before-seen business models and value, and we believe they can deliver new value to customers and society.

In this environment, we have formulated the Kyuden Group Management Vision 2030. As we aim for sustainable growth for the region and its society by leveraging Kyushu's potential, our Kyuden Group Management Vision 2030 outlines the kinds of contributions the Kyuden Group can make and communicates our commitment to developing and growing along with the region.

We have long had a slogan, "the Kyuden Group cannot develop without the development of Kyushu." We believe that

our highest mission is to contribute to the vitality of Kyushu by sharing our expertise with the people of the region and working hard together with them. And by carefully monitoring changes in Asia and the rest of the world, we hope to make contributions through our business activities by leveraging our management resources.

Under the Kyuden Group Management Vision 2030, the group will work as one to promote a wide range of activities aimed at achieving sustainable growth for the region and society, and delivering value to our stakeholders.



Feature 1 Management Vision & Medium-term Management Plan

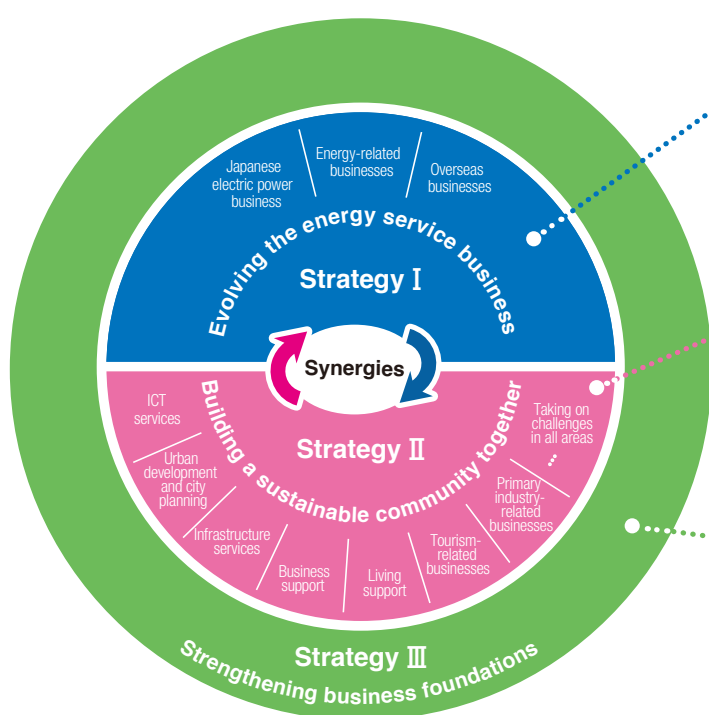
Kyuden Group Management Vision 2030



Our 2030 Vision

Kyuden Group:
Creating the future, starting from Kyushu
Providing more prosperous,
comfortable living to become our customers' No.1 choice

Three Strategies for Achieving Our Vision



Strategy I

Developing the energy service business

Providing more prosperous, comfortable livelihoods through an attempt to create a sustainable low carbon society.

Strategy II

Building a sustainable community together

As a local company with operations in all of Kyushu's prefectures, we will grow together with Kyushu's local communities and society through the creation of markets for new businesses and services.

Strategy III

Strengthening our business foundations

We will work to strengthen our business foundations, coming together as a single corporate group to take on challenges and achieve continual growth.

ESG Initiatives

As the business environment changes significantly, Kyuden Group are actively engaged in the pursuit of ESG strategies with the aim of continually improving intermediate- to long-term corporate value.

*For more details on our ESG initiatives, please see page 38 onwards.

Environment

Strategy I

Increase non-fossil fuel power use through renewable and nuclear energy, and promote electricity usage in many fields, contributing to a sustainable low-carbon society.

Social

Strategy I

Contribute to the resolution of various issues affecting communities and wider society by creating markets through new businesses and services.

Governance

Strategy I

Strengthen the business foundations that support the growth of the Kyuden Group.

Contribute to the achievement of the SDGs* adopted by the UN, in order to make progress on implementing sustainability initiatives from an ESG standpoint, while also contributing to the sustainable growth of the Kyuden Group.

*Sustainable Development Goals for international society as a whole, adopted in 2015 at a United Nations summit. Seventeen goals were selected for realization by 2030.

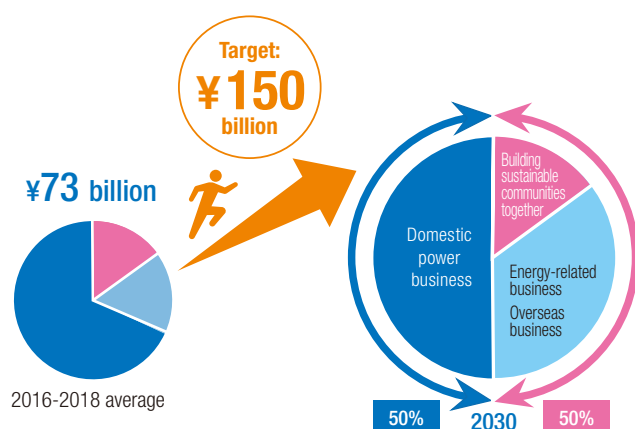
Business Performance Targets

Consolidated
ordinary profit of

¥150 billion

(50% from the Japanese power business, 50% from other businesses)

We will come together as a group to pursue the strategies required to realize our vision, targeting ¥150 billion in ordinary consolidated profit by 2030 (50% from the Japanese power business, 50% from other businesses)



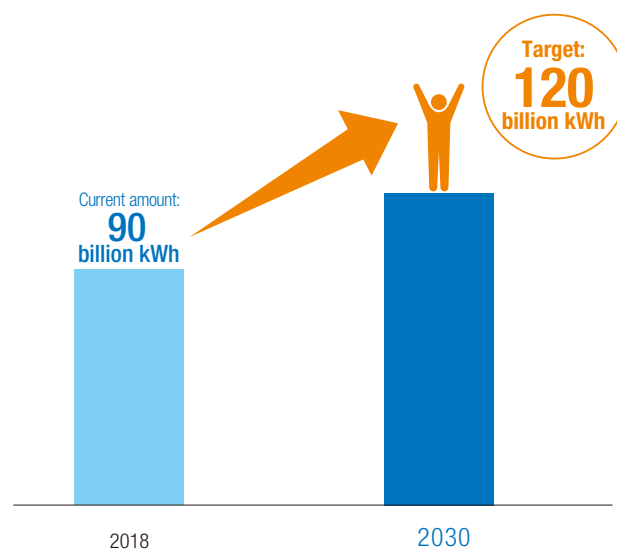
[As for shareholder return]

We are currently aiming to achieve the same level of dividends as before the earthquake (around ¥50 per share). We will then, with a basic policy of maintaining a stable dividend, work to provide even greater shareholder returns by adjusting our dividends in the light of growth in other businesses.

Total electricity
sales volume of

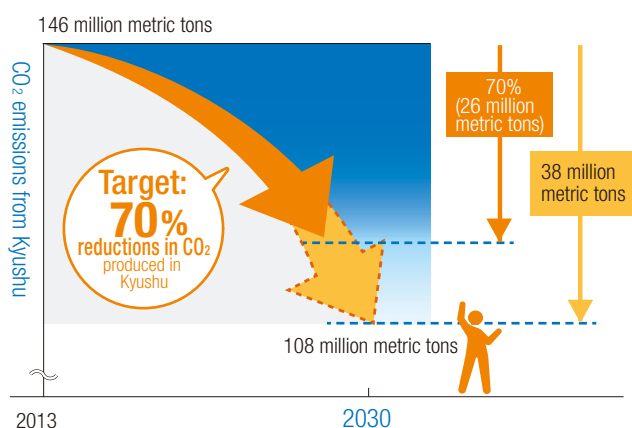
120 billion kWh

We will aim to achieve total electricity retail and wholesale sales volume of 120 billion kWh in Japan and overseas.



Contributing to reducing Kyushu's CO₂ emissions by 70%

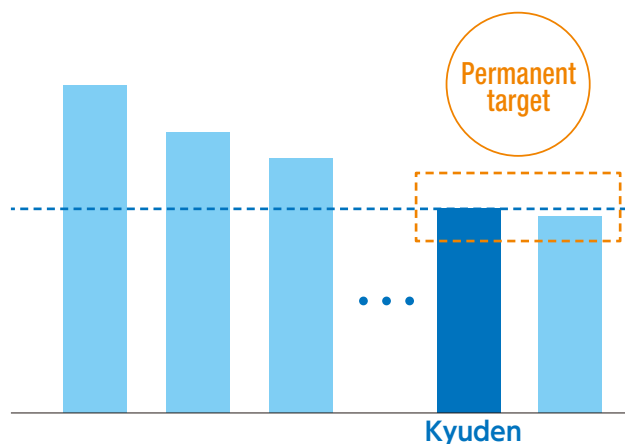
By promoting the use of renewable and nuclear energy to improve the proportion of usage of non-fossil fuels and by encouraging electricity usage in various industries, the Kyuden Group will contribute to reductions in CO₂ emissions produced in Kyushu of 70% (26 million metric tons).^{*1}



^{*1}: Japan's intermediate target is to achieve 26% reduction in comparison to FY2013 by 2030. Converting this into a target for Kyushu results in a required reduction of approximately 38 million metric tons, corresponding to 26% of the 146 million metric tons of CO₂ emitted in Kyushu in FY2013

Permanent pursuit of a reasonable price for electricity

By promoting the strategies required to achieve our vision, Kyuden will always seek to provide leading reasonably priced electricity service,^{*2} contributing to the vitality of the region as Kyuden Group grows together with Kyushu.

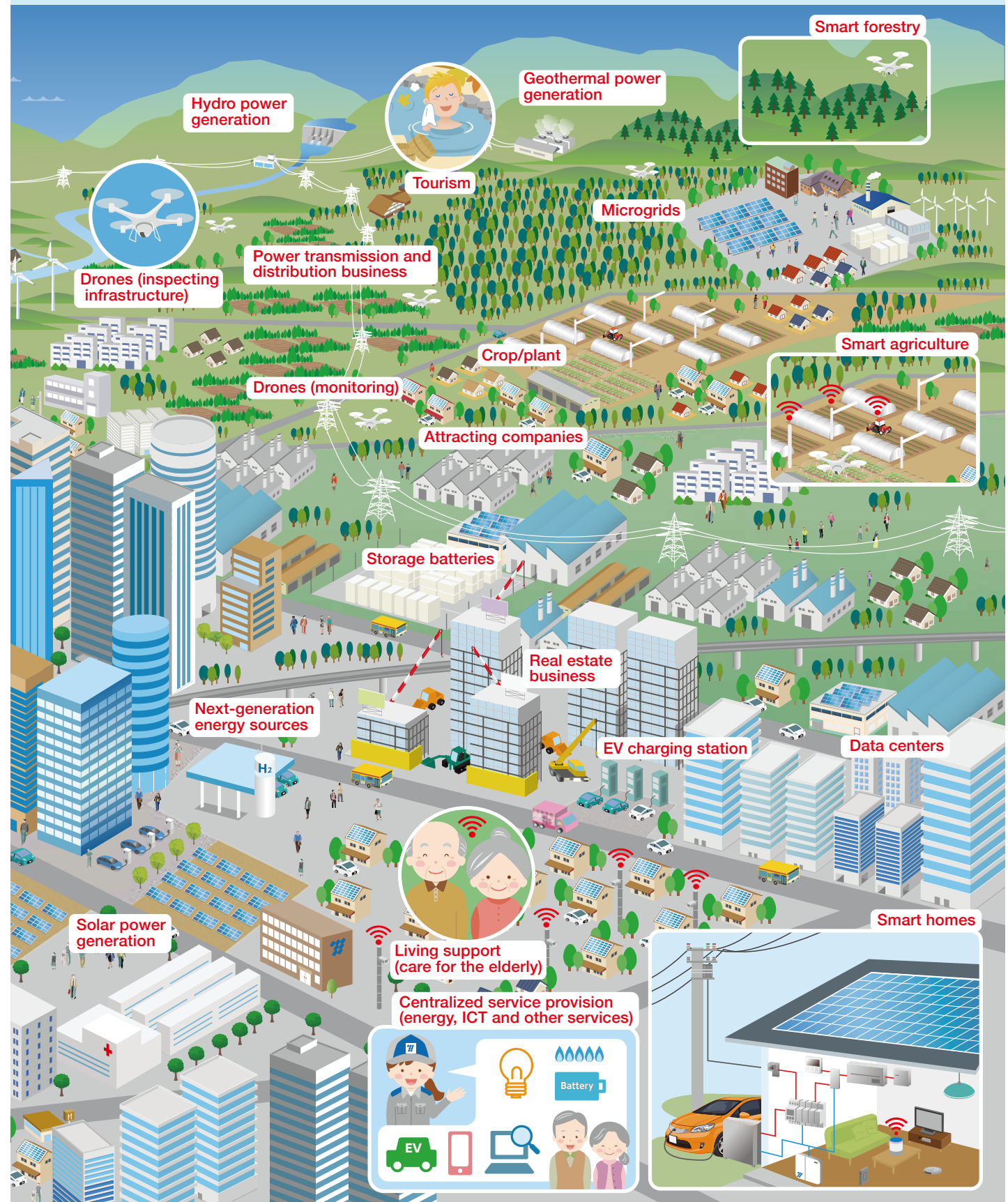


^{*2}: Excludes renewable energy surcharge, fuel adjustment charge and consumption tax.

Kyushu and Kyuden Group in 2030



Kyuden Group, under the brand message of “Enlighten Our Future” is committed to providing energy services that support prosperous, comfortable lifestyles while also harnessing new technology and alliances with other companies to contribute to the resolution of social problems and work with local communities and wider society to build a brighter future, starting in Kyushu.



Overview of the Medium-term Management Plan

With the FY2019 medium-term management plan, we aim to develop the energy service business through offering energy services that both offer a stable supply of environment-friendly energy and meet our customers' requirements. Equally, we will work to help resolve a variety of issues that face Kyushu and society and, in so doing, work together to build a sustainable community.

Furthermore, to make sure that we can take on the challenge of these initiatives as one unified group, we are endeavoring to strengthen our business foundations.

FY2019 Medium-term Management Plan Initiatives

Strategy I Developing the energy service business

Providing more prosperous, comfortable livelihoods through an attempt to create a sustainable low carbon society.

Specific Initiatives

- Provide a stable supply of environment-friendly energy

Development volume
of renewable energy target
for 2030

5,000 MW (Equity ownership
in output 2,500 MW)

- Develop energy-related technologies, such as those that store or control electricity
- Offer energy services that respond to customers' needs
- Develop energy sources outside of Kyushu, and strengthen our fuel business

Energy equivalent of power sources
developed outside Kyushu by 2030

2,000 MW (equity ownership in
output: 1,000 MW)

- Expand further overseas

2030 target for equity ownership
in overseas power generation

5,000 MW

- Work on our power transmission and distribution business

Strategy II Building a sustainable community together

As a local company with operations in all of Kyushu's prefectures, we will grow together with Kyushu's local communities and society through the creation of markets for new businesses and services.

Specific Initiatives

- Resolve regional and social issues
- Provide ICT services, urban development, city planning, and infrastructure services
- Create new markets

Strategy III Strengthening our business foundations

We will work to strengthen our business foundations, coming together as a single corporate group to take on challenges and achieve continual growth.

Specific Initiatives

- Prioritize safety and health
- Promote diversity
- Create workplaces where people want to work
- Revolutionize work tasks with ICT
- Construct a work management system that supports legal unbundling
- Work to ensure information security
- Implement CSR initiatives that meet stakeholder expectations
- Promote compliance-based management
- Disclose information and reflect customer feedback
- Improve management efficiency

Strategy I Developing the Energy Service Business

Providing more prosperous, comfortable livelihoods through an attempt to create a sustainable low carbon society.

1 Continually supplying reasonably priced stable eco-friendly energy

Stable Supply of Environment-friendly Energy

While considering the S+3E perspective, we are pursuing an optimal energy mix, and by improving the efficiency of thermal power plants and increasing the proportion of our energy that comes from renewable or nuclear energy, we are contributing to the reduction of Kyushu's carbon footprint.

Development volume of renewable energy target for 2030 **5,000 MW** (Equity ownership in output 2,500 MW)

Development volume of renewable energy **2,130 MW** (end of May 2019)



Solar: 94 MW



Wind: 115 MW



Hydro: 1,282 MW
(excl. pumped-storage generation)



Geothermal: 548 MW

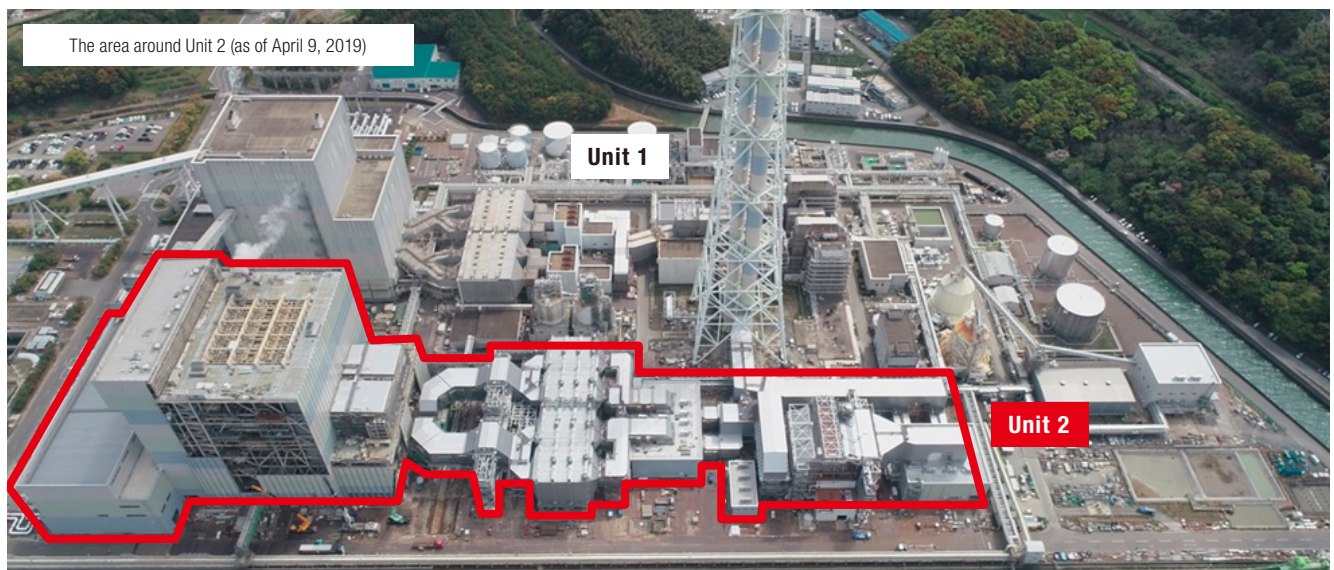


Biomass: 90 MW

Development of competitive, reliable power sources

We are running trial operations at the Matsuura Power Station Unit 2, with a view to begin commercial operations in December 2019. As well as introducing technologies that meet the highest standards and striving to reduce our impact on the environment, we will respond flexibly to the variable nature of output from renewable energy sources.

▼ Overall view of the extension work on Matsuura Power Station Unit 2



Output	1,000 MW
Format	Ultra-supercritical* pulverized coal-fired
Thermal efficiency at the power generation end (lower calorific value standard)	approx. 46%

*Ultra-supercritical power generation is a power generation with cutting-edge technology and a high thermal efficiency, where the steam used to generate power is heated and compressed to an exceptionally high level.

Improving the safety and reliability of nuclear power

Taking into account new safety standards, we are implementing measures that go as far as possible in ensuring the safety of nuclear power. We are going even further than the framework imposed by the new regulations, and are gathering the latest technological expertise and data in order to continuously work to improve the safety and reliability of nuclear power.

We are constantly striving for safe, stable operations at our nuclear power plants, so that in future too, we can gain the trust of and bring peace of mind to the people in our region.

▼ Large-capacity pumping vehicle



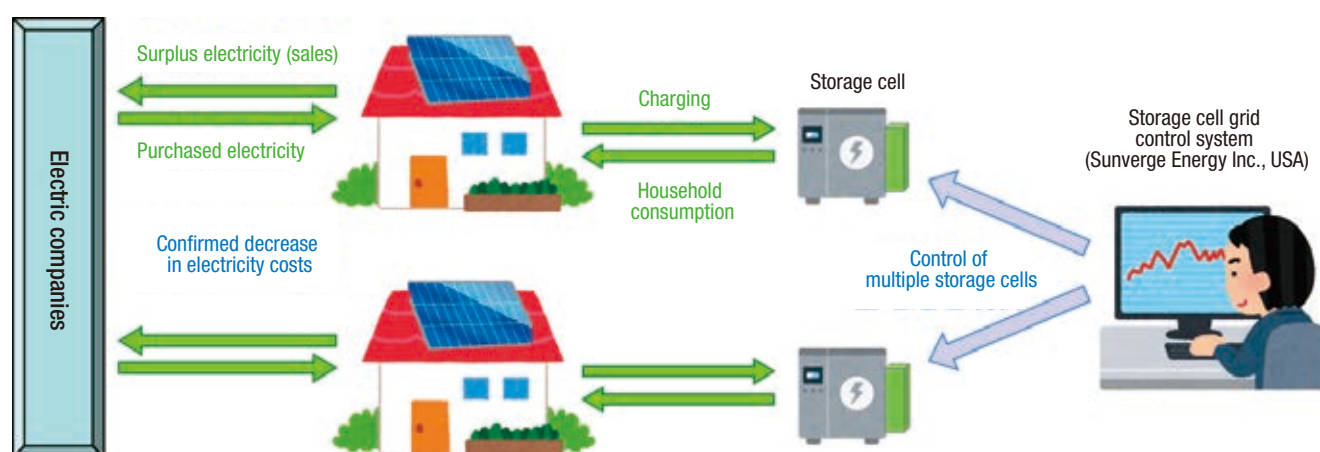
Development of Energy-related Technologies, such as those that store or control electricity

We will adapt to the spread of distributed power sources and diversification of electricity transactions, and will work to harness storage cell technology and optimize electric power control. At the same time, we will work to develop the technology required to produce the next generation of power sources.

Energy management services that use storage cells

In a joint project with Mitsui & Co., Ltd., we are trialing a service designed to reduce electricity costs by promoting household electricity consumption that uses storage cells among customers who have solar power equipment at home.

▼ Illustration showing how the verification tests work



Development of new biomass-mix fuels

In April 2019, with an eye on reducing CO₂ emissions and ensuring a stable energy source, we signed an agreement with Australia's state of Victoria for materials such as woody biomass and brown coal, which it has in abundance. We are working to develop technologies that can mix these materials to produce new fuels.

▼ Development goals for new biomass-mix fuels

Safety	A fuel as safe as coal (bituminous or sub-bituminous)
Stable supply	A fuel that can be sustainably procured in the long term, and which uses woody biomass as well as brown coal, of which there are extensive deposits
Economy	A fuel that is cost-competitive
Environmental suitability	A CO ₂ -emission suppressing fuels that takes woody biomass from managed forests as its main constituent

Strategy I Developing the Energy Service Business

2

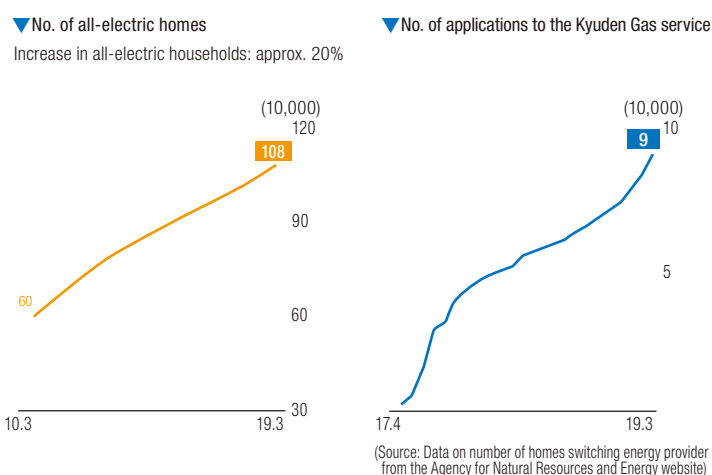
Move rapidly to respond to environmental changes including changes in energy markets and the diversification of customer needs, evolving our energy services

Energy Services Suited to Our Customers' Needs

We are expanding our personable style of marketing, offering a selection of pricing plans catered to increasingly diverse lifestyles or living patterns, as well as supplying gas alongside electricity or other services that make us a one-stop service for our customers.

Further promoting all-electric energy for the home

We hope to increase the number of homes using electricity for all their energy needs, which we believe makes users' lives more comfortable, environment-friendly, and economic while also offering peace of mind. To do this, we are expanding our business activities and taking advantage of the various opportunities with which we are presented.



Retail gas business in the Fukuoka and Kitakyushu areas

In the Fukuoka and Kitakyushu areas, we are offering customers Kyuden Gas, with contracts for discounted combined gas and electricity supply (cumulative total of approx. 90,000 applications by the end of March, 2019).

Development of Power Sources Outside of the Kyushu Region and Strengthening of the Fuel Business

By working to develop power sources away from Kyushu, and by building up our business in fuels, we aim to make ourselves more competitive.

Promotion of power source development as part of an alliance with other companies

Energy equivalent of power sources developed outside Kyushu by 2030 **2,000 MW** (equity ownership in output: 1,000 MW)

Current measures include an investigation into the validity of developing an LNG-fired thermal power station in collaboration with Tokyo Gas, in Sodegaura in Chiba.

Strengthening of the fuel business

The Kyuden Group is opening up a new business in the profitable area of fuel, making use of its existing expertise and an alliance with other companies. The business domain will cover the fuel value chain, from the fuel's manufacturing to its transport, and will include receiving delivery and sales.

Business Expansion Overseas

We are aiming to be able to produce 5,000 MW through our equity ownership in our overseas business in the year 2030, and to this end we will expand into other areas in addition to just Asia and the United States.

2030 target for equity ownership
in overseas power generation

5,000 MW

Equity ownership in overseas
power generation as of
the end of July, 2019

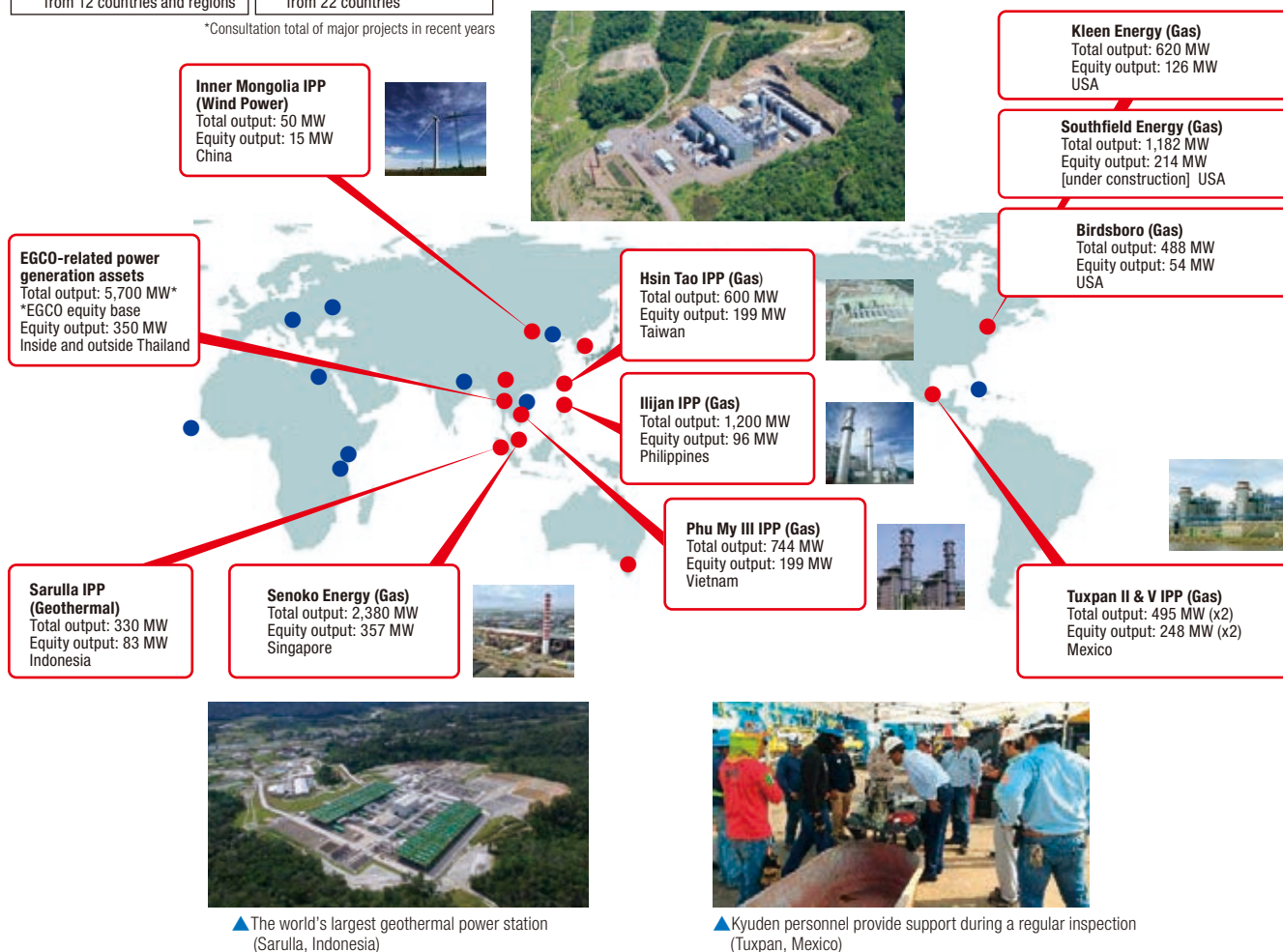
2,190 MW

● Overseas power generation
assets (IPP, etc.) 2,190 MW
from 12 countries and regions

● Overseas consultation
Cumulative total of 78 projects
from 22 countries

*Consultation total of major projects in recent years

▼ Equity participation in the US market
(Kleen Energy Gas-fired Thermal Power Plant)

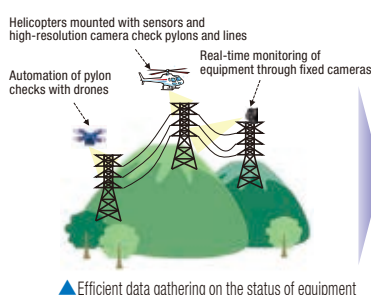


Initiatives in the Power Transmission and Distribution Business

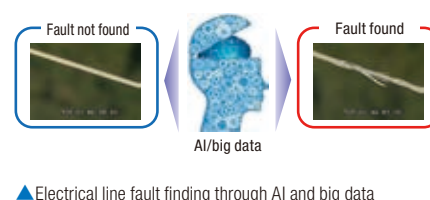
We are endeavoring to create demand for electricity in Kyushu through measures such as promoting all-electric energy use alongside our efforts to lower the cost to the consumer and ensure stable supply through initiatives to improve the quality and efficiency in maintenance and operating.

Improving maintenance quality and efficiency

To suitably maintain the equipment we use to transmit and distribute electricity as it ages, we are putting effort into a number of areas. These include finding an effective means of gathering data about the equipment, such as through the use of drones, and research and development into methods to determine when quality drops that use new technologies such as image analysis or artificial intelligence.



Using images captured on camera, technologies such as AI and big data can automatically identify faults in electrical lines.



Strategy II Building a Sustainable Community Together

As a local company with operations in all of Kyushu's prefectures, we will grow together with Kyushu's local communities and society through the creation of markets for new businesses and services.

Addressing Regional and Social Challenges

To facilitate the achievement of SDGs, we are working to address the challenges facing the region and its society through initiatives devised in collaboration with industry, universities, and government, as well as by the Kyuden Group itself.

Addressing regional and social challenges with the unified strength of the Kyuden Group

Businesses and services offered by the Kyuden Group that have been well-received by the region and its society are sold under the withQ brand. Through these businesses and services, we are undertaking to address regional and social challenges and expand profitability.

▼ The four withQ categories: disaster measures, heatstroke measures, LED lighting, information security



ICT Services

We provide a wide range of ICT services and offer customers optimized solutions.

Principal ICT Services

- BBIQ optical broadband business, QTmobile mobile service business
- Data center business: secure, safe maintenance of customer information assets
- QuUn IoT service business: essential IoT services for the Smart Home that create lifestyles of the future
- MIHARAS IT sensor for agriculture: automated instrumentation data delivery to smartphones and tablets

▼ QTnet services

QT Mobile

BBIQ



▼ QuUn: An AI speaker born in Japan



▼ MIHARAS: An IT sensor from Nishimu Electronics Industries.



Infrastructure Services

To contribute to the development and vitalization of the Kyushu region, we are participating in infrastructure services such as airport management.

Airport management

We are working to increase the number of visitors to Kyushu and contribute to regional development and vitalization. To this end, we are participating in the increasingly privatized management of airports.

Management rights acquired jointly by Kyushu Electric Power and other companies

- Fukuoka Airport (private operations begin April 2019)
- Kumamoto Airport (private operations scheduled to begin April 2020)

▼ Kumamoto Airport in the future



Urban Development and City Planning

We will provide our expertise in energy supply and ICT to businesses in the fields of urban development, city planning, and real estate.

Urban development

We will enter actively into the field of urban development with such projects as the development of the old market area in Fukuoka, and the Tenjin Area Energy Project.

Real estate

By leveraging the comprehensive strength of the Kyuden Group, and collaborating with other enterprises, we will aim to further promote all-electric energy through business area expansion and the real estate business.

Creating New Markets

Toward Kyushu's further growth and vitalization, we will actively promote digital transformation* and alliances with other enterprises, and mobilize the entire group to create new markets.

*Strategic and structural business transformation through the utilization of ICT to effectively create and deliver value

Power infrastructure tourism

We are promoting infrastructure tourism at electric power infrastructure sites and increasing the number of visitors to Kyushu to stimulate the local economy and publicize the region.

▼ Tour of Kamishiiba Dam, Miyazaki Prefecture

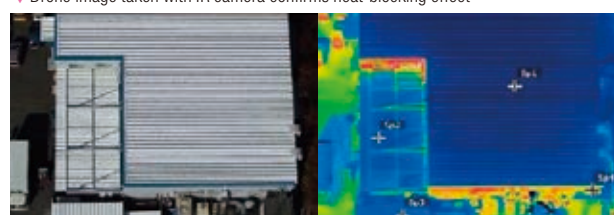


Drone services

We are utilizing drones to provide a one-stop aerial photography, inspection, and measurement service, from drone imaging and image editing to image analysis and final report.

We launched Kyuden Drone Services in July 2019 after field testing indicated potential demand.

▼ Drone image taken with IR camera confirms heat-blocking effect



Promoting Innovation

We are developing the energy service business in **Strategy I** and building a sustainable community together in **Strategy II**, and are engaged in activities aimed at maximizing synergy between the two strategies.

◆ KYUDEN i-PROJECT: Creating New Businesses and Services

As part of its efforts to drive innovation, the Kyuden Group is taking ideas created by inter-group collaboration or through the promotion of open innovation and investigating how those with the most potential can become new businesses or services.

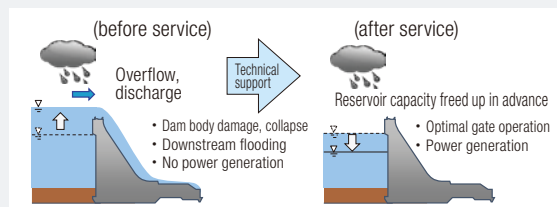
Case Study I

Upgraded dam and power generation management in Vietnam

In Vietnam, dam collapse and major disasters originating in poor dam management have become a social issue, and there is room for operational improvement.

Consequently, we established Kyuden Innovatech Vietnam, a local corporation, in April 2019. The company is providing services to introduce Kyuden Group's dam and hydroelectric power generation technology and enhance dam safety in Vietnam.

▼ Outline of service



Case Study II

Smartphone-controlled home delivery box

We may have a solution to the problem of package redelivery, and are studying its business potential for possible commercialization. This solution has the potential to make life easier and reduce the stress involved in redelivery for both the delivery people involved and those receiving packages.

▼ Home delivery box



◆ Forming Strategic Partnerships with Other Companies

- In June 2018, in an effort to accelerate our creation of new businesses or services in collaboration with promising venture enterprises and other entities, we formed a strategic partnership with Energy & Environment Investment, inc.
- In October 2018, with the aim of investigating and developing pioneering new services, using AI, IoT or other similar technologies, or new business, we concluded a strategic agreement with OPTiM Corporation for continuous cooperation.

◆ Creating New Businesses with Venture Enterprises

We are aiming to co-create new businesses with venture enterprises. For example, we are collaborating with next-generation storage battery system developer Exergy Power Systems toward entry into the electric power supply adjustment business in Ireland.

▼ Storage battery system used in field testing (supplied by Exergy)



We will work to strengthen our business foundations, coming together as a single corporate group to take on challenges and achieve continual growth.

1 Creating a corporate culture that prioritizes safety, health and diversity

Prioritizing Safety and Health

We are taking the prioritization of safety and health as the cornerstone of all of our business activities, and we hope to become a company where every single employee is mentally and physically healthy, and where they can work energetically.

Comprehensive safety measures P55

In addition to establishing the Kyuden Group Safe Conduct Charter and other safety codes, the group is acting as one in its promotion of initiatives related to safety, which is the foundation of our management.

Promotion of health management

We have been pursuing health management with a view to maintaining and improving the health of our employees, and our efforts have been recognized as, for the second year running, we have been named a Certified Health & Productivity Management Organization* in the large enterprise category.



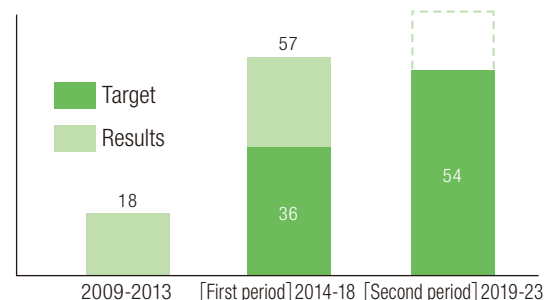
Promoting Diversity

We are working to support a diverse range of personnel, whatever their gender, age, nationality, or any disability they may have. We also support our employees through personal life commitments such as child-raising or care-giving.

- Promoting initiatives that increase participation by female employees
As well as having formulated our second Action Plan to Promote an Active Role for Women, we are working to support female workers in other ways so that they are able to both raise children and continue working.
- Providing a working environment for older employees
We believe that employees over the age of sixty are a valuable human resource thanks to their wealth of experience, knowledge and skills. As such we are committed to creating a working environment where they can be more active, and are introducing measures such as re-employment systems.
- Promoting employment of workers with disabilities
We are working together as a group to help create a society where people with disabilities can also play an active role in the region and in society. As part of this we are working to promote their employment.

● Target rate for new female managers

(An excerpt from the Action Plan to Promote an Active Role for Women)



2 Continually pursuing a workplace that motivates its employees

Promoting Work Style Reform

By promoting work style reforms, we are creating an organizational culture and workplaces that allow employees to show their true potential, and where they feel motivated to work.

Kyushu Electric Power is coming together as a company to promote work style reform aimed at creation of environments where employees can actively engage in their jobs; enhancement of labor efficiency through thoroughgoing increases in operational efficiency; and the fostering of a corporate culture that encourages employees to take on new challenges.

▼ Management workshop on work style reforms



▼ Kyuden Workstyle Reform Festa



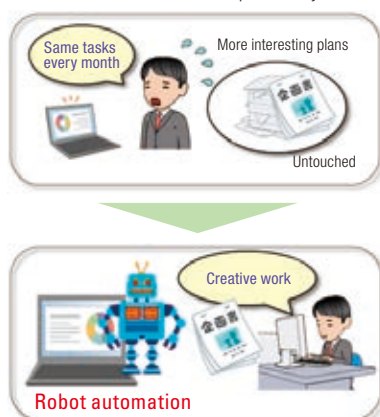
Strategy III Strengthening Our Business Foundations

Revolutionizing Work Tasks with ICT

With the timely application of ICT, while bearing in mind its economic viability, we are promoting work task reform that will lead to improved management efficiencies and better customer service.

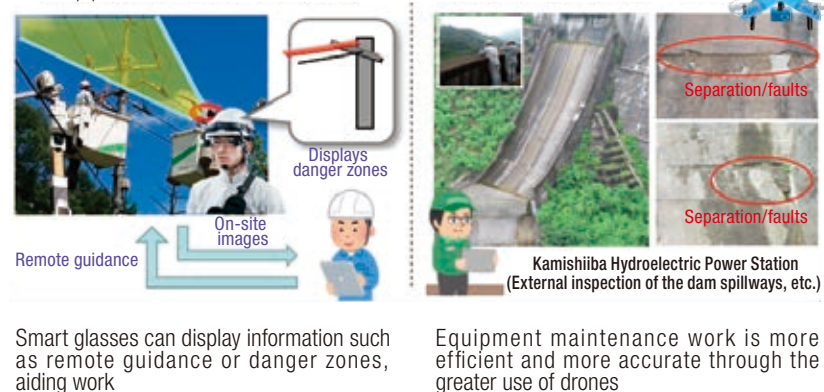
By pushing these cutting-edge ICT applications to promote work task reform, we are shifting to creative, added-value work tasks.

▼ How software robots can raise productivity



A greater number of computer-based tasks can be automated by delegating them to software robots

▼ How equipment maintenance can be made more efficient and more accurate



3 Consistently working to improve stakeholder trust

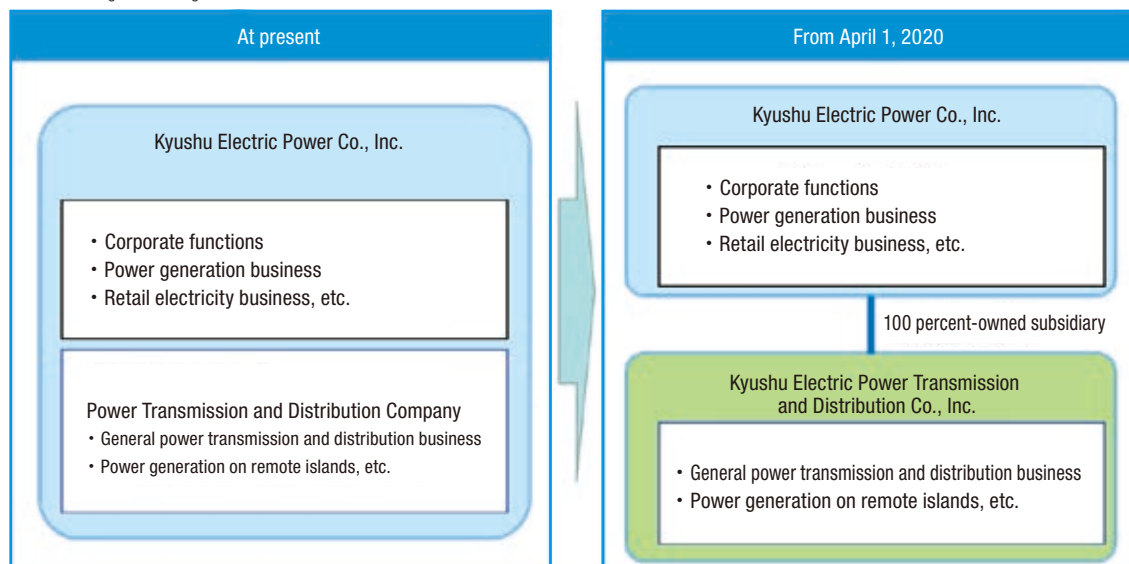
Construction of a Work Management System That Supports the Business' Legal Unbundling

In April 2020, to adequately respond to the required legal unbundling,* we plan to split off our general power transmission and distribution business into a 100 percent-owned subsidiary, Kyushu Electric Power Transmission and Distribution Co., Inc.

*In June 2015, it was decided that the electricity business would be altered as the third step in reforms of the electricity system; this process is due to begin in April 2020.

Even after this unbundling, to fulfill our obligations as we continue to operate in the energy business, we will aim to continually improve the value of the entire Kyuden Group.

▼ What our legal unbundling will look like



Initiatives to Ensure Information Security

To respond appropriately to the threat of cyber-attack, and to allow business continuity, we are working to ensure our information is secure.

Our Cyber Security Control Office is at the heart of our efforts to maintain and heighten the overall level of information security across the entire Kyuden Group.

Alongside our creation of a system designed to respond to any information security incidents, we are constantly running practice drills even before anything has happened, both of which are helping to strengthen our response to information security breaches.

CSR Initiatives That Meet Stakeholder Expectations P56

We are promoting working together as a united group in fulfilling our obligations as a corporate group and building strong relationships of trust with the region and society.

Promotion of Compliance

We push compliance, evidenced in our efforts to increase employee awareness of what compliance entails.

Our Compliance Promotion System

- The Compliance Committee is chaired by the company's president and its members include outside experts. Its role is to evaluate the company's efforts towards compliance and make suggestions for improvement.
- We have also established contact points for compliance consultation inside and outside the company (contact points to allow whistleblowing), and we are working to ensure that any breaches of laws, regulations or company ethics are either prevented or discovered at an early stage.

▼ Compliance Committee



Information Disclosure and Reflecting Customer Feedback

Customer feedback is integral to our business operations and to how we can go about solving the problems that face the region. By disclosing multi-faceted information about the Kyuden Group to our customers, we hope to deepen their understanding of our efforts and get them on board.

Improved Management Efficiency

We are working to increase our management efficiency in order to bring about improvements in our financial structure.

Efforts to lower the costs involvement in equipment procurement

To lower procurement costs even further, we formed the Procurement Reform Promotion Committee, whose members include outside experts. We have taken on the committee's opinions and advice, alongside other external expertise, to strengthen our procurement capabilities. Simultaneously, we have been working on improvements to the way we place orders and other measures to lower cost prices.

