



Feature 2 | Corporate Governance Session

Q1

A year has passed since the transition to an Audit and Supervisory Committee. How has this affected such things as Board of Director discussions?

Uriu During President Ikebe's first year after being appointed, I provided support to help him fully demonstrate leadership. At the same time, as Chairman of the Board, I worked to further strengthen its oversight functions. As part of this effort, I take care to thoroughly explain the objectives, background, and discussion points, so that external directors, including Audit & Supervisory Committee members, are able to discuss them with full understanding.

Kikukawa I attended 17 of the 19 board meetings held during FY2018. When I or one of the other external directors had questions to ask or opinions to offer, Chairman Uriu provided detailed feedback and encouraged other relevant board members to contribute. Overall, I believe the board meetings were conducted in an atmosphere that encouraged members, including external members, to speak up and engage in active discussion.

Watanabe My impression from attending 18 board meetings was that effectiveness was even higher than before. Due to the size of the organization, the range of topics brought before the board is quite diverse. Generally speaking, important management decisions are decided or announced at board meetings after being

discussed thoroughly by the Corporate Management Committee and in other meetings. In addition, where necessary for important decisions, the Audit and Supervisory Committee holds meetings with operations management to confirm the situation ahead of the board's taking action. This allows the directors to make fully informed, appropriate decisions, and I believe the Board of Directors is functioning effectively.

Uriu As Chairman of the Board, I am gratified to hear both of you express those opinions. I believe that strengthened governance and accelerated decision-making are the merits of our transition from an Audit and Supervisory Board model to an Audit and Supervisory Committee model, under which the Board of Directors delegates authority to individual directors. As such, I plan to expand the scope of this delegation in stages.

Q2

What steps are you taking to further enhance the Board of Directors' effectiveness?

Uriu The 95th Shareholders' Meeting approved a reduction in the total number of directors, including those on the Audit and Supervisory Committee, from 19 to 16. We expect this to further stimulate discussion by the Board of Directors.

Watanabe While the total number of directors has dropped, the number of external directors remains at five, including three who are members of the Audit and Supervisory Committee. As such, the proportion of external directors to the board as a whole has increased. We external directors aim to encourage sustainable growth and enhance corporate value over the medium to long term. From that standpoint, our role is to offer candid opinions from an independent standpoint, and oversee how business is conducted. We hope to continue in that capacity going forward.

Uriu I'm also very grateful that the two of you are not only attending board meetings (held once a month in principle) but also Corporate Management Committee meetings (held weekly in principle) to offer your extensive knowledge as external directors.

Kikukawa Attendance at Corporate Management Committee meetings is also useful for encouraging understanding of the content of issues that will be presented to the board for a decision. Furthermore, members of management have been visiting business offices and engaging in direct dialog with employees, and last year I was able to participate in some of these meetings. This enabled me to hear frontline employee opinions directly. As an external director, they were very valuable experiences.



Participants

Center: **Michiaki Uriu**
Member of the Board of Directors, Chairperson
Right: **Akiyoshi Watanabe**
Member of the Board of Directors (External)
Left: **Ritsuko Kikukawa**
Member of the Board of Directors (External)

Watanabe I also had the opportunity to visit nuclear power stations and engage in two-way communication with employees, as well as visit and observe at a training center. Actually, seeing employees engaged earnestly in operations training brought home the importance of independent, ongoing efforts to enhance safety and enabled me to deepen my understanding of the nuclear power business.





How do you view ESG management and SDGs, which are drawing increased attention?

Kikukawa It is certainly true that there is a growing awareness of the importance of sustainability in creating a better world and a better future for the next generation through the resolution of global-scale economic, social, and environmental problems. In particular, one often hears the terms ESG and SDGs, and I believe expectations toward enterprises in this respect are growing.

Watanabe Institutional investor interest in the ESG and SDG themes is growing, and there is growing demand for active

information disclosure through dialog or other channels. In addition, one of the basic principles in the Corporate Governance Code calls for appropriate collaboration with non-shareholder stakeholders. To promote Kyushu Electric Power's sustainable growth and medium- to long-term corporate value creation, the region and society that constitutes the basis for our existence and activities is naturally an important stakeholder. Consequently, I believe it is important to engage in ESG and SDGs from that perspective as well, and work actively to address social challenges.





Uriu In the Kyuden Group Management Vision 2030, which we recently announced, we state that we will actively promote ESG and contribute to the achievement of SDGs. Specifically, with respect to the environment (E), we will contribute to the realization of a low-carbon, sustainable society by raising the ratio of non-fossil fuel power sources through the utilization of renewable energy and nuclear power, and promoting all-electric energy and other initiatives. With respect to society (S), we will contribute to a wide range of solutions to challenges facing the region and society by creating markets for new businesses and services. Concerning corporate governance (G), we will work to reinforce the Kyuden Group's management base, which supports its growth. We are also carrying out CSR activities to firmly meet stakeholder expectations, for example

with biodiversity preservation activities under the slogan, "Making the Future with People and Nature."

Based on Kyuden Group's new management vision, we are creating the future, starting from Kyushu in collaboration with the people of the region, and are aiming to provide more prosperous, comfortable living to become our customers' No. 1 choice. I look to the two of you to continue providing frank opinions and suggestions from an external viewpoint that differs from the internal viewpoint.

*For more information on Kyuden Group's efforts to create a sustainable society, please refer to the Kyuden Group Sustainability Report 2019.

