

# 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.

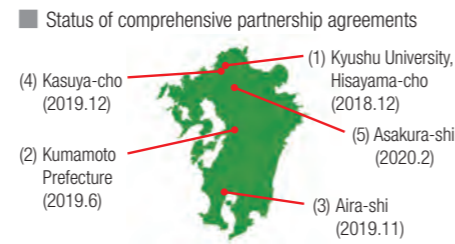
## Addressing Regional and Social Challenges

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

### Establishment of regional revitalization model through collaboration with industry, universities and government

We have concluded comprehensive cooperation agreements with local governments and academic research institutions in Kyushu, involving solutions to regional issues and city planning.

Through initiatives under these agreements, we will contribute to the resolution of social issues in the Kyushu region and to sustainable development.



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

Four categories of businesses and services offered by the Kyuden Group that have been well-received by the region and wider society are sold under the withQ brand. Through these businesses and services, we are working to address regional and social challenges and expand the profitability of the Group overall.



Watt Satt charger that charges phones with rainwater or seawater (Kyuden Sangyo)



Thermal insulation sheets (top heat barrier) that reduce heat from rooftops by approx. 90% during hot summer hours (Kyuden Technosystems)



QT PRO Managed Security Service that protects data from cyber attacks (QTnet)



Proposing optimal lighting and switching lighting fixtures to LED (Seishin Sangyo)



## 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
- MIHARAS IT sensor for agriculture: automated instrumentation data delivery to smartphones and tablets



QTnet services  
QT Mobile



Data centers (illustration)



Nishimu Electronics Industries, service  
MIHARAS IT sensor

## Strategy II Building a Sustainable Community Together



## Urban Development and City Planning

Through the urban development and real estate businesses, we will contribute to the development of Kyushu while working to earn new revenue.

### Urban development

We will actively engage in urban development projects centered on Kyushu, including redevelopment of the old market area in Fukuoka.



Conceptual image of redevelopment of the old market area in Fukuoka (scheduled to open in spring 2022) (source: municipal website)

### Real estate

The Kyuden Group is working as one to strengthen the real estate business, creating the future of living by providing comfortable, safe and environmentally friendly spaces.



All-electric for-rent condominiums in Fukuoka (Completed in July 2020)

## Infrastructure Services

To contribute to the development and revitalization of the Kyushu region, we will strengthen our efforts in social infrastructure businesses such as airport management.

### Airport management

While steadily moving forward with our management business at the Fukuoka and Kumamoto Airports, we will expand efforts at other airports and investigate expansion into other fields of social infrastructure.

Management rights acquired jointly by Kyushu Electric Power and other companies

- Fukuoka Airport (airport management business begun April 2019)
- Kumamoto Airport (airport management business begun April 2020)



Kumamoto Airport in the future

### TOPICS

### Establishment of the Urban Development Business Division by integrating the functions of the urban development/city planning and infrastructure service businesses

Kyushu Electric Power has until now leveraged the specialization of separate organizations for each of the urban development/city planning and infrastructure service businesses. We aim for drastic growth of the business by strengthening collaboration between the separate organizations and by strategically investing management resources and by responding quickly to social trends. In order to do so, we integrated the businesses' functions to establish the Urban Development Business Division in July 2020.

## Creating New Markets

We will leverage the strengths of the Kyuden Group to create new businesses and services based on the needs of local communities and wider society.

### Power infrastructure tourism

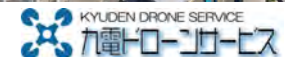
We will promote infrastructure tourism that takes advantage of dams, power stations, transmission/distribution facilities, and other electric power infrastructure, contributing to economic stimulus and PR for Kyushu by increasing the number of visitors.



Walking tour of inspection passageways at Kamishiiba Dam, Miyazaki Prefecture

### Drone services

We offer a service for processing data aerial photographic data from drones (creation of original videos, 3D images, and other services). In April 2020, we added a 360° panoramic VR service.



# Promoting Innovation

We will accelerate “Strategy I Developing the energy service business” and “Strategy II Building a sustainable community together,” and promote initiatives for maximizing the two strategies’ synergies.

## Innovation across the group



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

In FY2019, we held i-Challenge 3, a business idea creation project. From across the Kyuden Group, we recruited people and teams who have enthusiasm and interest in innovation, and sought to generate promising ideas through the combination of a “nurturing phase” involving workshops and mentoring by outside experts, and a “selection phase” involving presentations.



Scenes from i-Challenge 3

## Co-creation with other companies (open innovation)

By collaborating with outside parties, we will share not only the resources of the Kyuden Group but also the technologies, know-how, and ideas of others to co-create new businesses and services.

### Investigating a world-class next-generation plant factory

Together with Kyudenko, Tokyo Century, and SPREAD, we are studying the commercialization of a next-generation vegetable factory utilizing idle land at the Buzen Power Station.

With a lettuce production capacity of 5 tons per day, one of the highest in the world, the project has great social significance in contributing to the stable supply of vegetables.

We will also investigate potential ways of creating new added value, such as provision of low environmental-impact lettuce in combination with renewable energy or utilizing the factory as a VPP (\*) resource.

(\*) Virtual Power Plant  
This refers to controlling equipment on the electric power user side and utilizing it like a power station, to maintain balance between supply and demand.



Conceptual image of completed next-generation vegetable factory

## Projects created by KYUDEN i-PROJECT

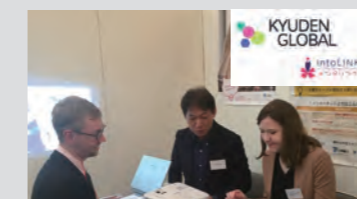
### Commercialization projects (including those under preparation)



Hydroelectric power operation improvement project by Kyuden Innovatech Vietnam, a local corporation in Vietnam



Qottaby, a watch-over service that makes use of location tracking



The KYUDEN GLOBAL project, which aims to revitalize the region through employment and settlement of talented overseas human resources



Kyuden Drone Services, which offers drone-based aerial video capture, video editing, 3D image creation, and other services



weev, an electric vehicle sharing service for condominium residents



Okeiko Town, a marketplace for matching students with teachers or tutors



TEQNICO, a business that offers firefighting equipment inspection services for condominiums, apartments, and other buildings by women-only

### Projects under demonstration testing



Conneqt, a system using sensors to support active older people to live independently and healthy



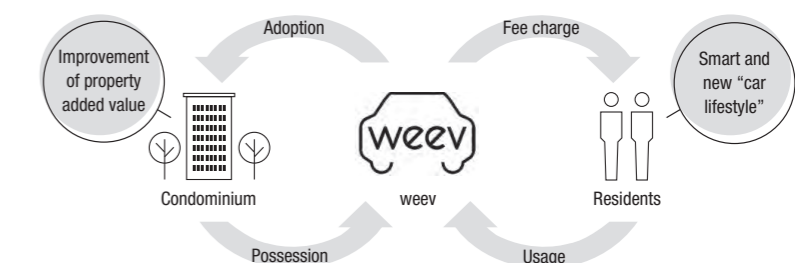
Disaster response information transmission service located on utility poles

We are undertaking demonstration testing for many other projects.

### Electric vehicle sharing service for condominium residents

In December 2020, we will launch weev, an electric vehicle-based car sharing service for condominium residents, in Kyushu and the Tokyo metropolitan area.

This service aims to offer safe, convenient, and reasonably priced “car ownership” to condominium residents.





# 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.

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

### Prioritizing Safety and Health

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

#### Comprehensive safety measures

Our awareness and actions are based on the Kyuden Group Safe Conduct Charter and other safety codes, and the group is promoting initiatives related to safety, which is the foundation of our management.

Information sharing and cooperation between the Kyushu Electric Power Safety Promotion Committee, and the Group Safety Promotion Subcommittee, in which safety officers of group companies participate and together drive safety initiatives for the group as a whole.



Scene from safety workshop, with safety practitioners from group companies

#### Kyuden Group Safe Conduct Charter

The Kyuden Group aims to protect the safety of all people involved in our business, and to connect that safety to further security and trust. From the standpoints of occupational safety and equipment security, we will enforce the following five actions aimed at corporate activities that place the highest priority on safety, the foundation of our management.

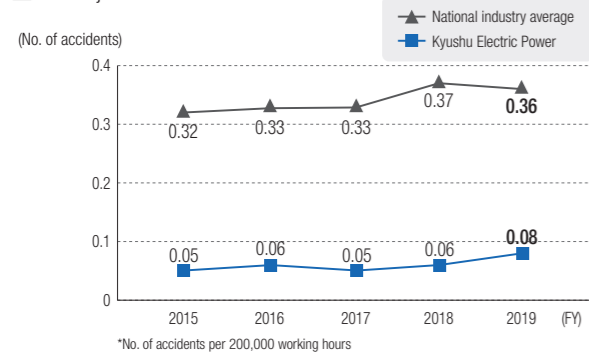
- 1 Creation and evolution of safety
- 2 Incorporation of opinions and sharing information
- 3 Creation of open and friendly environments
- 4 Self-improvement
- 5 Transmission of company DNA

#### Efforts to Reduce Accident Rates to Zero

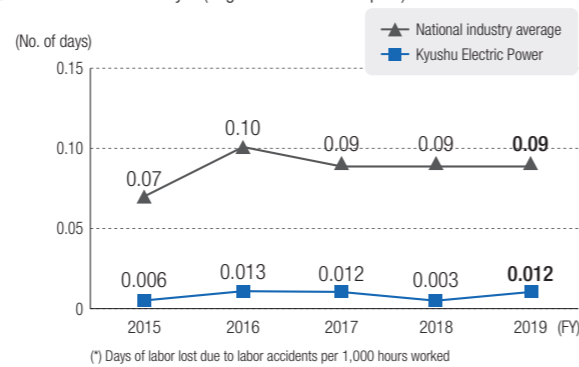
To ensure worksite safety, we promote accident prevention practices that include risk assessment. Furthermore, we carefully investigate accidents to determine their fundamental causes, use these findings to formulate and implement measures to prevent recurrence, and monitor adherence to such measures. By doing so, our ratio of accident occurrence and severity are significantly below national averages for the industry.

In addition, we educate employees regarding labor safety and hygiene regulations to promote compliance, and conduct safety training that includes hands-on crises training.

#### On-the-job accident rate<sup>(\*)</sup>



#### Labor accident severity<sup>(\*)</sup> (degree of business impact)

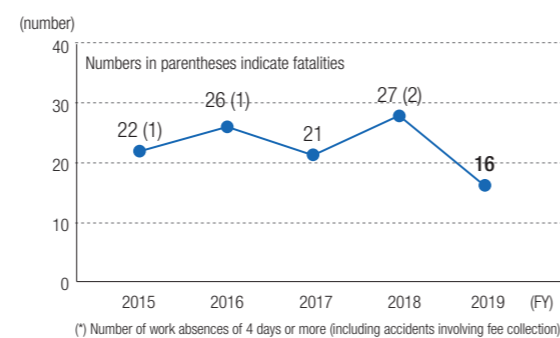


#### Promoting Safety Activities with Contractors and Subcontractors

We provide support for safe activities to contractors and subcontractors to ensure the safety of those who work with us.

This includes hosting gatherings for subcontractors where we share safety-related information, and work with them to monitor worksite safety management, including engaging in worksite safety patrols. Through these efforts, we are working to enhance the safety of facilities and operating procedures.

#### Contractor and subcontractor accidents<sup>(\*)</sup>



## Strategy III Strengthening our business foundations

### Promoting Diversity

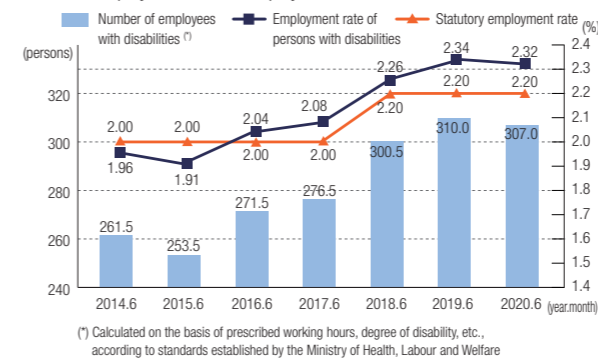
We will secure and nurture diverse human resources who will drive transformation and new business development, and will establish working environments in which diverse human resources can play active roles.

To create environments in which every individual can display maximum potential, we are developing initiatives focused on reform of awareness and corporate culture, human resource development, and the pursuit of motivating and enjoyable work.

We support women building their future careers, and actively promote female leadership and promotion of women to managerial positions.

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.

#### Number and employment rate of employees with disabilities



#### Eruboshi Certification under the Act on Promotion of the Women's Participation and Advancement in the Workplace

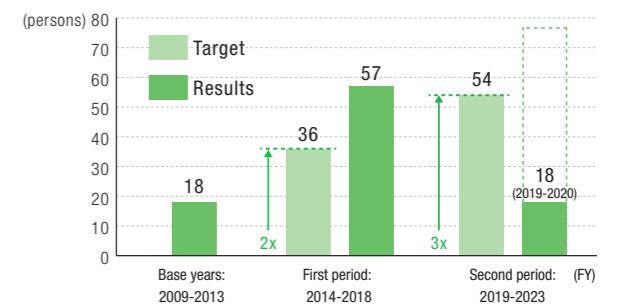
The Minister of Health, Labour and Welfare granted recognition to our company in July 2016, and to our group company Kyuden Sangyo Co., Inc. in February 2018, as companies that excel in the implementation of initiatives for promoting active participation by women.



Eruboshi certification mark ▶

#### Target rate for new female managers

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



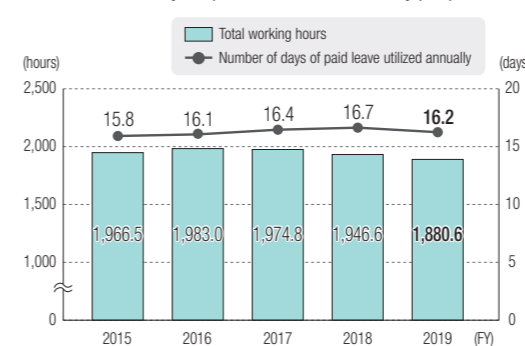
## 2 Continually pursuing a workplace that motivates its employees

### Creation of Workplaces Where People Want to Work

By promoting work style reforms, we are creating an organizational culture and workplaces where employees can show their true potential and 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.

#### Total hours worked and days of paid leave utilized annually per person



#### Specific details of work style reforms

- I Reform of awareness**
  - Promotion of initiatives through collaboration with persons in charge of work style reform promotion at business offices
  - Cultivation of awareness of work style reform across the company by sharing good practices
- II Enhancement of operational efficiency**
  - Solicitation of employees' suggestions for enhancing operational efficiency, and practice of reforms based on these
  - Enhancement of efficiency and improvement of quality of work by instilling company-wide shared rules regarding the performance of work
  - Implementation of a "smart meetings campaign" aimed at streamlining meetings
- III Enhancement of programs that contribute to flexible work styles**
  - Expansion of workplaces where teleworking is used
  - Expansion of workplaces where flex-time and staggered attendance programs are used, etc.

#### Company-wide shared rules



Strategy III Strengthening our business foundations

Revolutionizing Work Tasks with ICT

We will promote digital transformation (\*) and will drive business transformation that improves productivity, profitability, and customer service.

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

By pushing these cutting-edge ICT applications, while bearing in mind its economic viability, we are promoting work task reform that will lead to improved management efficiency and better customer service.

■ How remote work and other diverse work styles can be achieved

■ How software robots can raise productivity

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

3 Consistently working to improve stakeholder trust

CSR Initiatives That Meet Stakeholder Expectations

Aiming to develop sustainably with local communities and with wider society, we will strengthen our efforts to resolve Major CSR Challenges toward which stakeholders have high expectations, such as environmental activities and the resolution of regional issues.

Among the social issues that we broadly extracted from the SDGs, we identified 14 items subject to particularly high expectations from stakeholders as Major CSR Challenges for the Kyuden Group to prioritize. To connect these to the achievement of a sustainable society, we are working to resolve key issues through the group's collective management resources.

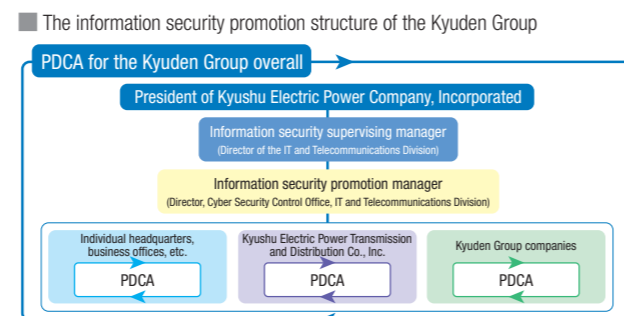
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Initiatives to Ensure Information Security

To respond appropriately to the threat of cyber attacks and to continue as a business, we will strengthen information security measures for the entire Kyuden Group.

To respond to security risks such as information leaks caused by cyber attacks and to continue the provision of energy services and other business activities, we are working to maintain and improve the information security level of the Kyuden Group overall, acting primarily through the Cyber Security Control Office.

We are strengthening organizational, human, physical, and technical measures through the promotion of PDCA across the group, under a structure that places the president of Kyushu Electric Power as the topmost responsible party.



Strategy III Strengthening our business foundations

Promote Compliance-based Management

We will strive to raise employees' compliance awareness and prevent violations of law to enforce compliance-based management, a foundation for earning the trust of society.

Structure for promotion of compliance-based management

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 are working to ensure that any breaches of laws or acts that would damage trust in the company are either prevented or discovered at an early stage.

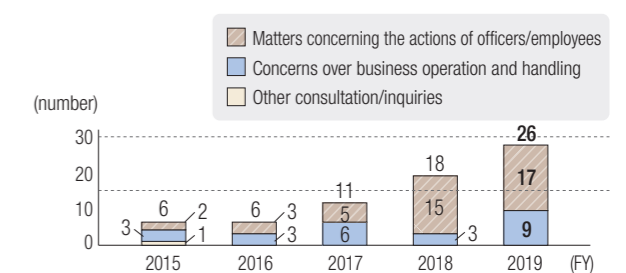
■ Major items for deliberation/reporting by the Compliance Committee (FY2019)

- Issues and future initiatives in compliance promotion
- Operational status of the Compliance Consultation Desk
- Results of compliance awareness survey of group company employees
- Initiatives related to awareness of accepting gifts such as the gift-giving scandal of Kansai Electric Power Co.



Compliance Committee

■ Number of consultations with and notifications to the Compliance Consultation Desk



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.

■ Initiatives to reduce procurement costs in the Kyuden Group overall

