



Special Interview

External Director Interview

Appointed as an External Director at Kyushu Electric Power in June 2020, Sakie Tachibana Fukushima has an extensive experience in the management of many corporations in the United States and Japan. We asked her why she accepted the role of External Director and how she perceives her role.



Q1 Why did you decided to become an External director at Kyushu Electric Power?

I have been deeply involved in management and governance at a number of companies since 1995, when I became a director at the U.S. personnel consulting firm Korn Ferry International. Since 2002, living in Japan, I have worked as an external director at 11 companies, including Kao and Sony. Now, at Kyushu Electric Power, this is the first time I have been with an infrastructure company that supports Japan's industrial and social basis.

Having worked on the Advisory Board of the Development Bank of Japan for 10 years (2008-2017), I developed a strong interest in the public aspect of corporations and their relationship to the public interest. When I received the request from Kyushu Electric Power, I decided to

accept it because I was interested in the organization itself that supports the infrastructure of Kyushu overall, and their decision-making and corporate management, which balances between profitability and the public interest.

Also, my maternal grandfather is from Kumamoto Prefecture, so the area of Kyushu holds an appeal for me. When I visited Fukuoka on a few occasions to give lectures on gender equality, I got the distinct impression that the region is open to diversity. I felt eager to contribute to Kyushu Electric Power, which has its roots in this locale.

Q2 What is your impression of Kyushu Electric Power? Has there been any change in your impression since your appointment?

The region Kyushu experiences many floods, typhoons, and other disasters, and I had mainly seen Kyushu Electric Power as it made drastic efforts to cope with disaster recovery.

The sense I now have is, first, that the brand message of "Make a brighter future for generations to come" is wonderful. Now especially, with the COVID-19 pandemic making the future uncertain, I believe it is very important that Kyuden continues to send this message for the future to the local communities.

The KYUDEN i-PROJECT, which promotes innovation groupwide, is

an effort to change the conventional image of a power company. I believe that companies need strategies of turning the coronavirus crisis into opportunities. Projects are promoting creative business ideas by making use of existing assets, including the sort of ideas, which Kyushu Electric Power is currently working on, of which I was very surprised to learn of their involvement.

I have gained an impression of Kyushu Electric Power as an organization with assets (capabilities) that enable forward-looking thinking in search of a brighter future.

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Q3 How do you regard the role of an External Director?

I think that the crucial role of an external director is, on the defensive side, preventing things that seem common sense inside the company but lack common sense outside it, and, on the offensive side, bringing in benchmarks from outside to provide new perspectives. In short, the role involves pointing out how the company's internal shared understanding and tacit knowledge appear to people outside, in terms of both offense and defense, based on experiences at other companies.

I originally served as a director in the United States, at the center of U.S.-style corporate governance. Following an IPO in 1999, four years after I was appointed a director, and all the members of the board except the CEO and myself were external directors. When external directors hit us with questions from the perspective of investors, I became keenly aware

of how common sense within the company can seem from the outside lacking sound reasoning, and I came to really know my own company. The experience was a good opportunity to learn about corporate governance.

There are two sides to governance: offense and defense. While it depends on a given corporation's institutional design, I recognize the division of roles between External Directors and Auditors as a distinction between offense and defense. I think about how I can be of service as an external director, in line with the company's institutional design and corporate culture.

I see the duty of an external director as supervising the company's success. That is, it is crucial that I think about whether things lead to gain for shareholders, investors, and stakeholders in the broader sense.

Q4 How do you plan to contribute to the growth of Kyushu Electric Power?

I believe I can contribute in the areas of global business development, and Human resources and organizations to support that development. For more than 30 years, I have been calling attention to a shortage of personnel in Japan who are capable of acting globally. Over the past ten years or so, the government and private sectors have finally come to recognize the importance of global human resource development, but Japan lags behind other Asian countries. I hope I can contribute to Kyushu Electric Power from this standpoint.

With regard to sustainable growth, the global trend in governance is conducting business by maintaining a balance with making a profit and contributing to society, as can be seen in the SDGs and ESG investment. In business management, it is important to maintain a perspective of what can be done to further the happiness of people, society, and humanity as a whole. Increasing profits is also crucial, but I believe that what really leads to achieving the SDGs and ESG is staying mindful of whose happiness is furthered, and how, as we carry out our business.

Kyushu Electric Power is an infrastructure company with the potential to become a leader in such efforts. I believe that this company can dig deeper and produce business models that can evolve.



Q5 In closing, is there anything that you would like to communicate to the stakeholders?

Of companies around the world that have been in business for 200 years or more, 65% are Japanese companies. While Japanese companies have weathered many crises, recently I feel unease over their crisis management for dealing with unexpected situations. Even under the COVID-19 pandemic, there is a visible tendency for companies to set strategies based on a hope that they can maintain the status quo. What is needed, however, is to envision worst-case scenarios and think out strategies that make a company sustainable, including the transformation of business models at an early stage. Kyushu Electric Power has a lot of experience coping with disasters, and I think the company has developed the ability to respond to risk. I would like to make a conscious effort to express my opinions about these matters.

With regard to diversity, I believe it is better to not think in terms of "male" and "female" as separate categories. In previous positions I have worked with thousands of global executives in previous positions, and I believe that, rather than evaluating a whole person on the single individuality of "female," we should view gender, nationality, and race as no more than individualities that make up the person. We should then evaluate and promote people as whole individuals having those diverse individualities. When I was Vice chairperson of the Japan Association of Corporate Executives (2011-2015), I declared that we would take action to raise the percentage of women in positions of leadership to at least 30% by 2020. This 30% remains a distant goal, and there is still a need to support women as a category in order to reach a specified ratio in a limited time. However, I believe that developing and promoting talented human resources, regardless of gender, will probably no longer create the need to offer "support for women." Diversity means leveraging human resources who are diverse, in ways that include gender and nationality, that enable the growth of the company. I want this company to be one that is attractive to diverse, talented human resources.

Finally, I personally place great importance on "inner fortitude with outward flexibility." This means that I maintain inner fortitude by not bending my personal beliefs and other core principles, while acting flexibly yet tenaciously on the outside. This is how I would like Japanese companies to be, under this drastically changing global economy. As we move forward, I believe that it will be all the more crucial to respond flexibly and tenaciously to changes in the external environment, while holding fast to aspects of our management philosophy that have everlasting value.



Profile

Sakie Tachibana Fukushima
External Director

Ms. Fukushima joined Blackstone International in 1980. After working with Bain & Company, she joined Korn Ferry International-Japan in 1991. In 1995, she took up the post of Member of the Board, Korn Ferry International. In 2000, she became President of Korn Ferry International-Japan, then President & Representative Director in 2001, and Chairperson & Representative Director in 2009. In 2008, she became the only Japanese person selected by BusinessWeek magazine as one of the "Top 100 World's Most Influential Headhunters." In 2010, she became President & Representative Director, G&S Global Advisors, Inc. (current position). She has been an External Director at Kyushu Electric Power since June 2020.

