



Governance

Corporate Governance

Basic Stance on Corporate Governance

At Kyushu Electric Power Co., we aim to generate sustainable value for all shareholders in keeping with the Kyuden Group's Mission by engaging in operations that are socially meaningful from a long-term perspective. It is a top management priority to strengthen corporate governance to ensure that we do so properly.

Our operating environment is changing rapidly. We believe that strengthened governance and accelerated decision-making are essential if we are to respond to these changes more flexibly and dynamically. To that end, we have adopted an Audit and Supervisory Committee model.

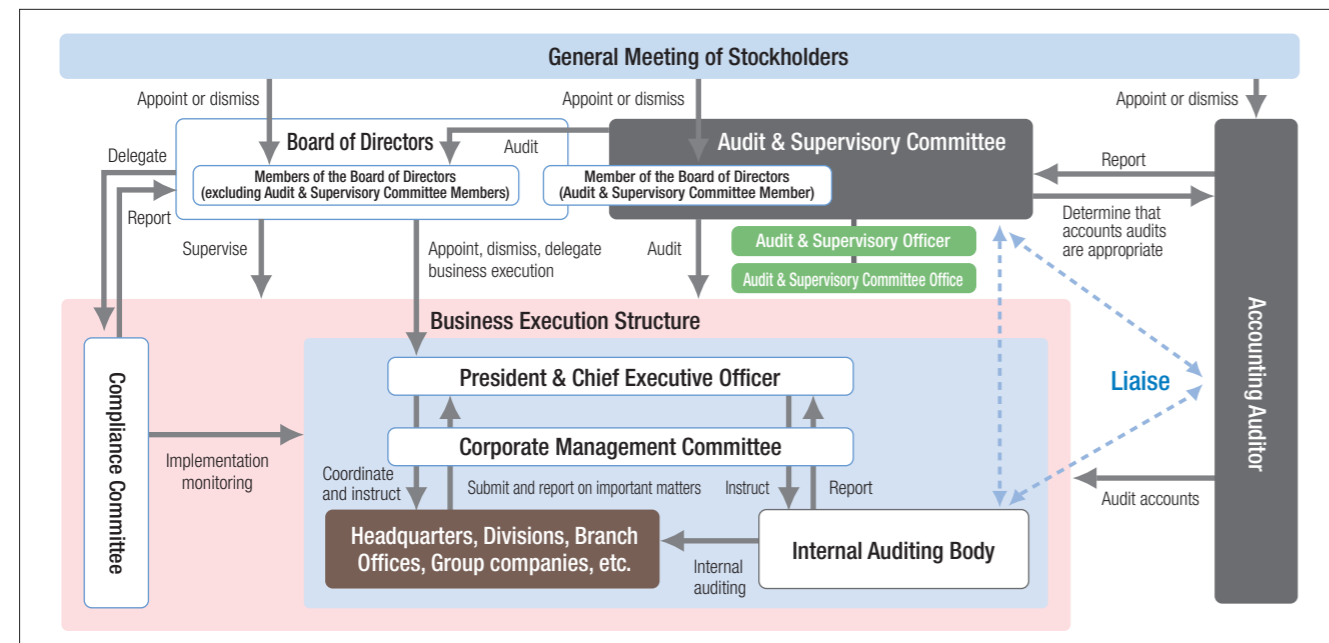
Going forward, we will endeavor to enhance our corporate governance to achieve sustainable growth and enhance medium- to long-term corporate value.

Specific Initiatives

We have established a basic internal control policy to ensure that our organization is equipped for appropriate corporate operation, and are engaged in an ongoing effort to enhance that organization.

- Strengthen oversight functions through the appointment of multiple highly independent external directors
- Ensure efficient operation of the Audit and Supervisory Committee through close coordination with our internal audit structure
- Clarify the role of directors and executive officers in oversight and execution
- Strict compliance
- Enhancement of a consistently neutral internal audit structure (separate, specialized audit structure established for the nuclear power)

■ Corporate Governance Structure (as of July 2020)



■ Overview of Internal Organizations at Kyushu Electric Power Co.

Organization	Role	Members (As of July 1, 2020)	Meeting Frequency, etc.
Board of Directors	<ul style="list-style-type: none"> • Decides on important corporate management matters • Supervises performance of duties 	<ul style="list-style-type: none"> • 15 members of the Board of Directors in total (including 5 external members of the Board of Directors) 	Once monthly, in principle (17 times during FY2019)
Corporate Management Committee	<ul style="list-style-type: none"> • Considers matters that were decided by the Board of Directors in advance • Makes important decisions on business execution 	<ul style="list-style-type: none"> • President, vice president, senior managing executive officers, managing executive officers, and others 12–23 members (11 members attended in response to agenda) * In addition to the above, two external directors attended 	Once weekly, in principle (36 times during FY2019)
Audit & Supervisory Committee	<ul style="list-style-type: none"> • Performs audits relating to general status of members of the Board of Directors' performance of duties ➔ Attends Board of Directors and other important meetings ➔ Receives reports from executive divisions, consolidated subsidiaries, and others ➔ Performs business site inspections ➔ Deliberates and decides on important matters related to audits stipulated by laws and regulations and the articles of incorporation 	<ul style="list-style-type: none"> • 4 Audit & Supervisory Committee members in total (including 3 external Audit & Supervisory Committee members) * The Audit & Supervisory Committee Member Office, which has 8 members, was established to assist the Audit & Supervisory Committee members and Audit & Supervisory Officer as a specialist organizational body 	Once monthly, in principle (15 times during FY2019)
Internal Auditing Body	<ul style="list-style-type: none"> • Audits observance of laws, regulations, and so forth at company divisions, business sites and group companies as well as auditing the status of business execution • Audits quality assurance systems in place to monitor safety initiatives and the status of operations based on these 	<ul style="list-style-type: none"> • Internal Audit Office (19) • Nuclear Power Audit Office (10) 	*Held constantly as part of duties

Risk Management

To manage risk, Kyushu Electric Power Co. regularly identifies, categorizes and assesses risks based on its risk management rules, clarifying Company-wide and division-specific threats that could affect Kyuden Group management.

Each division and business office produces contingency plans to appropriately manage clear major risks.

With regard to risks that relate to multiple departments and risks for which concerns of manifestation are high, we share information among related departments, clarify response structures and address these risks appropriately.

For nuclear power in particular, we take external knowledge and opinions into consideration as we work to identify a broad range of risks, share this information with members of the Board of Directors and executive officers, and address the risks thoroughly and on an ongoing basis.

In addition, to respond rapidly and appropriately to emergencies and disasters, we have established rules, in advance, covering response structures and procedures, and we conduct regular drills.

Crisis Management

To prepare for a variety of crises, we are working to upgrade our crisis management structure, and when a crisis actually occurs, to minimize its impact.

Specifically, we have established the positions of Crisis Management Officer (Kyushu Electric Power Co. Vice President) and Crisis Management Administrator, while also appointing Crisis Management Supervisors at the respective Headquarters of Kyushu Electric Power Co. and Kyushu Electric Power Transmission And Distribution Co. in order to share information and cooperate when a crisis occurs.

In addition, we hold Risk/Crisis Management Policy Conferences as needed to strengthen cooperation between our risk and crisis management

■ Principal risks

- Changes in the Competitive Environment
 - Domestic Power Business
 - Overseas Businesses
 - Energy businesses, ICT service business Other
- Status of the Situation Surrounding Nuclear Power
 - Stable Operation of Nuclear Power
 - Atomic Fuel Cycle and Back-end of Nuclear Operations
- Fluctuations in Market Prices
 - Fluctuations in Fuel Costs
 - Interest Rate Fluctuations
- Changes in Systems Related to the Power Industry
 - System Design Based on the Strategic Energy Plan
 - Development of Markets and Rules in Accordance with the Reform of Electric Systems
- Climate Change Initiatives
- Facility Accidents/Failures and System failures
 - Natural Disasters
 - Aging of Equipment
 - System Failure
 - Cyber Attacks
- Operational Risks
 - Inadequate Business
 - Violation of Laws and Regulations
 - Infectious Disease Outbreaks
 - Lack of Human Resources and Skills
- Others
 - Impairment of Fixed Assets
 - Reduction of Deferred Tax Assets

efforts. While deliberating policies to respond to crises when they do occur, we also enhance our system of support provided by external experts who have advanced, specialized expertise.