

Kyuden Group
Management Vision 2030

June 2019



Kyuden Group:
Creating the future, starting from Kyushu

Providing more prosperous,
comfortable living to become our customers' No.1 choice



Message From the President. & Chief Executive Officer

We at Kyuden Group have grown together with the development of Kyushu, supporting the lifestyles and business activities of our customers through the stable supply reasonably priced, good quality energy in keeping with the mission of our group, summarized by the brand message “enlighten our future” .

Our company’ s business environment is currently undergoing a period of major transition following not only the complete deregulation of the electricity retail market in April 2016 and the complete deregulation of the retail gas supply market in April 2017, but also due to the planned separation into a separate legal entity of the power transmission and distribution division, which is scheduled for April 2020.

Around the world, there is greater public awareness of sustainability issues including issues surrounding the ESG and SDGs, which aim to resolve various problems that affect society on a global scale including economic, social and environmental problems, providing all peoples with a better world as we build a future for years to come. There is an increasing expectation that companies must take action in this regard.

Additionally, in Japan, the issues of a shrinking population and aging society grow increasingly severe, as do problems such as the growing social and economic gap between different regions due to the concentration of people in urban areas.

At the same time, progress in technology such as IoT and AI is allowing us not only to improve the efficiency of our work but also to develop unprecedented new business models and value creation (digital transformation), providing customers and society with new value.

It is under these circumstances that we have drawn up the Kyuden Group Management Vision 2030 to illustrate the contribution that the Kyuden Group can make towards the sustainable development of communities and society to harness the potential of Kyushu, showing our willingness to develop and grow together with the region.

We have always maintained that Kyuden Group cannot develop without the development of Kyushu, and we believe that our mission is to contribute to the greater vitality of Kyushu by cooperating with local people to develop know-how and work hard to move forward. In addition, we must carefully observe trends across Asia and around the world, so as to make maximum use of our managerial resources and continue to make contributions through our business activities.

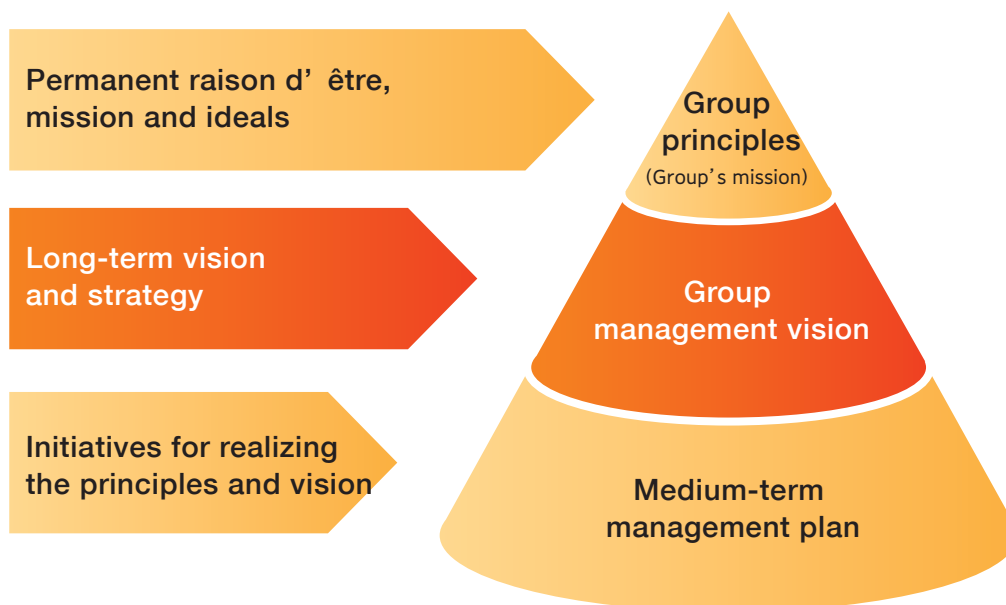
By working together with local people, the Kyuden Group aim is committed to “create the future, starting from Kyushu,” and “providing more prosperous, comfortable living to become our customers’ number one choice” .

June 2019

Kyushu Electric Power Co., Inc
President & Chief Executive Officer *K. Ikehara*



Position of the Kyuden Group Management Vision



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The Kyuden Group's Mission

Enlighten Our Future

Towards a comfortable and environment-friendly lifestyle today and for generations to come.

To fulfill this mission,
we are dedicated to achieving the following four goals:

1. Steady and reliable, environment-friendly energy.

In order for our customers to lead harmonious lives we will provide steady and reliable, environment-friendly energy, while anticipating global trends and making full use of our advanced technology and abundant experience with energy and the environment.

2. Services that truly satisfy.

Customer trust is our top priority. We will listen to the various voices of our customers in order to respond to their needs with services that truly satisfy.

3. At one with Kyushu, Asia, and the world.

In company with the people of Kyushu, we will work together to take action while thinking of our children's future and of the prosperity of the region. And from there, we will look to Asia and the world.

4. Discovering solutions, and putting them into practice.

We will discover and implement solutions that lead to a better tomorrow through open, active discussions, believing in people's potential and mutually respecting personalities.

1 | Our 2030 Vision



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The Fundamental Stance for Our Management Vision

As we implement the strategies for our 2030 Vision, our fundamental stance is described by the two challenges below:

The challenge of developing a sustainable society

- Realizing that the core mission of the Kyuden Group is to sincerely address various social issues while maintaining the trust of our customers, communities and wider society, we are taking on the challenge of creating a sustainable society in Kyushu and beyond.

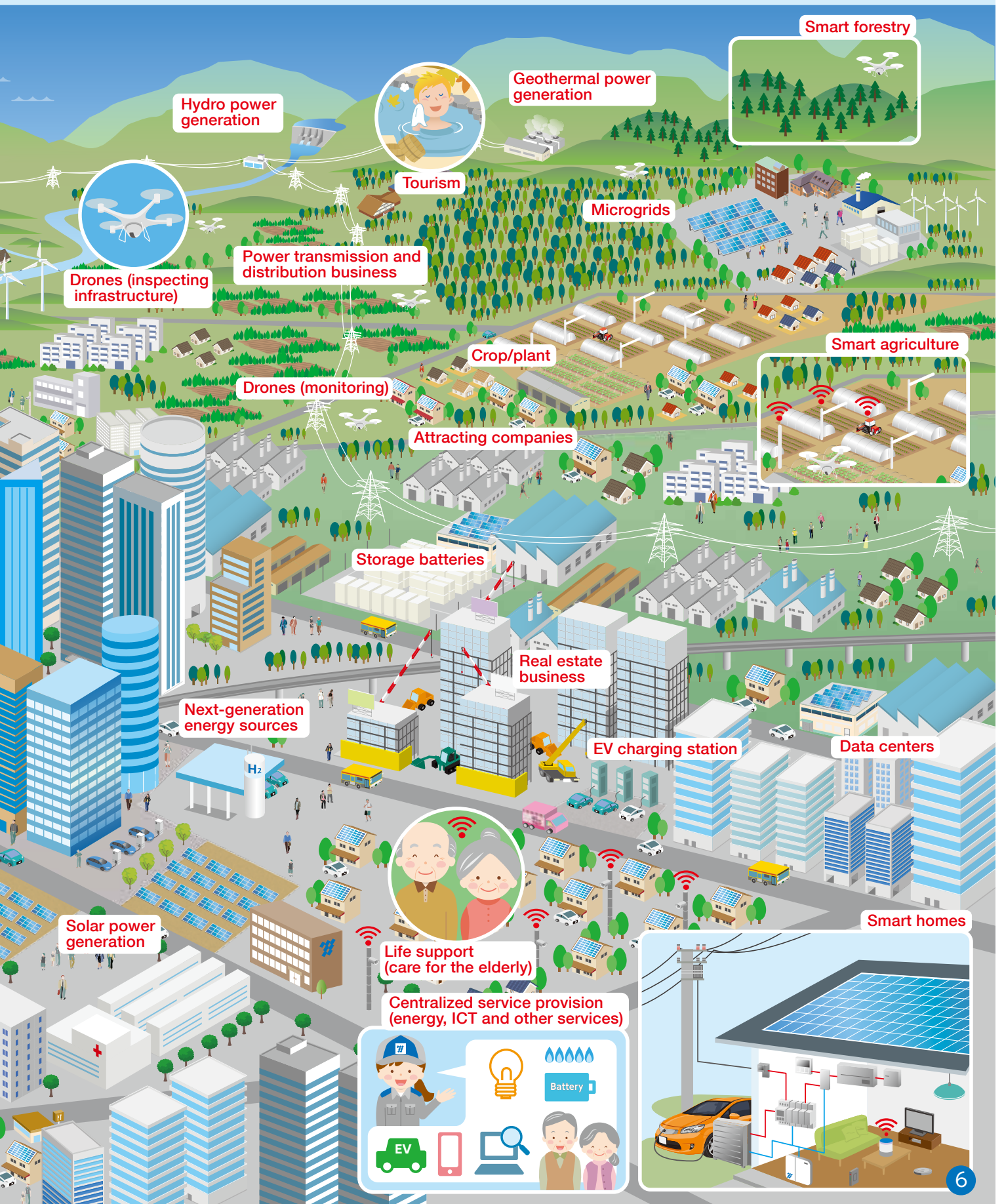
The challenge of continuing evolving Kyuden group

- Harnessing not only the group's managerial resources but also by working with third parties to further improve our competitiveness in the electric power industry and create new businesses and services that assist our customers in achieving comfortable lifestyles and vibrant businesses, we are taking on the challenge of further evolving the Kyuden Group.

2 | 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 were 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.



3 | 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

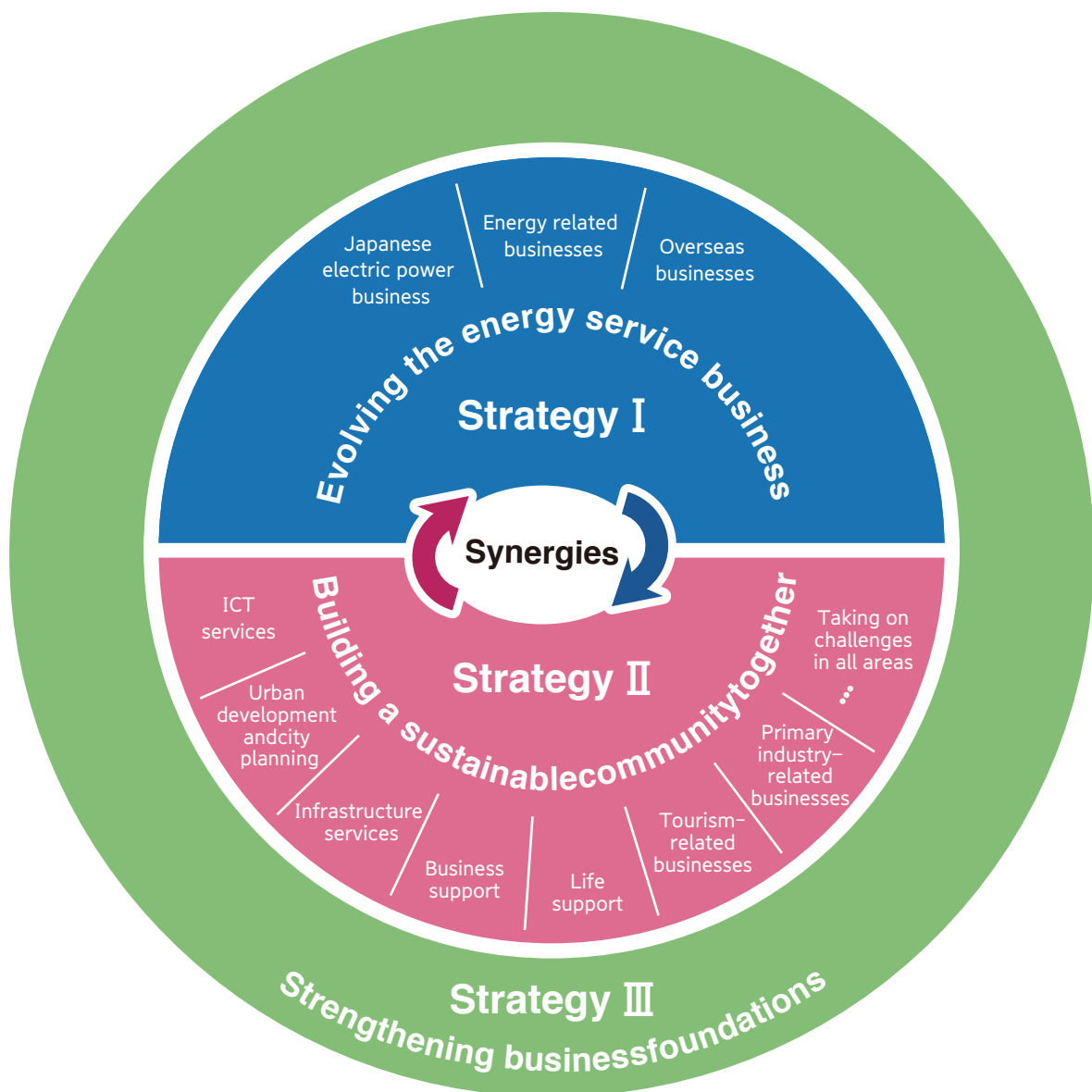
Building a sustainable community together

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.

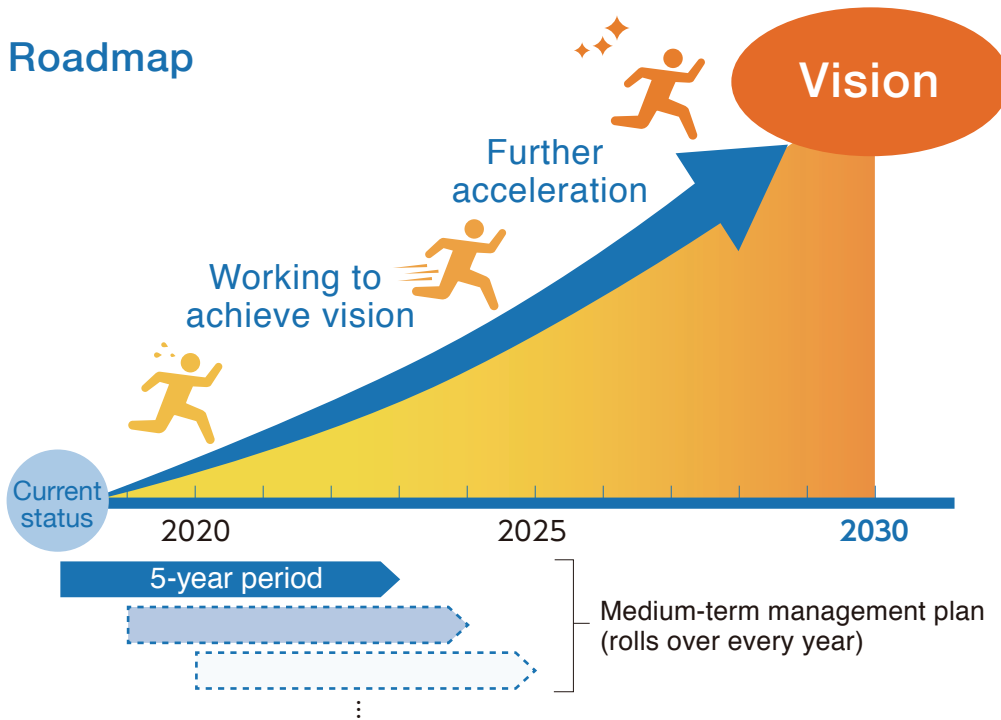
Strategy III

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.



Growth Roadmap



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

| | | |
|-------------------------|---------------------|--|
| E 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. |
| S ocial | Strategy II | Contribute to the resolution of various issues affecting communities and wider society by creating markets through new businesses and services. |
| G overnance | Strategy III | 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.



Strategy I

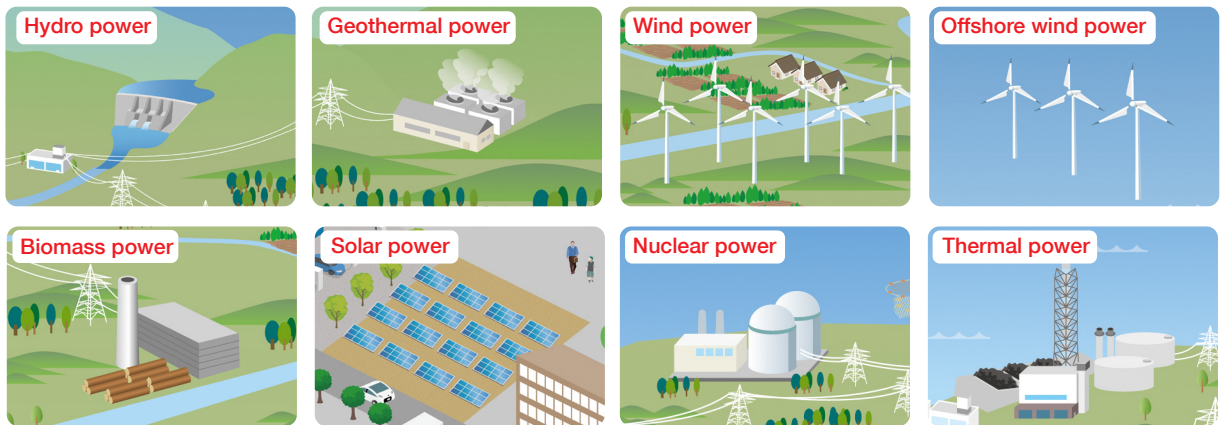
Developing the energy service business

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



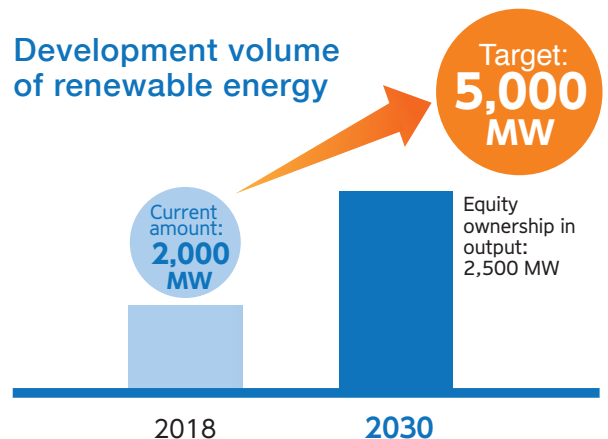
1 Continually supplying reasonably priced stable eco-friendly energy

- Under our unchanging, permanent mission of providing a stable supply of reasonably priced good-quality energy to customers, we are coming together as a group to fulfill our stable energy supply responsibilities.
- From the perspective of S+3E ^(Note1), we are seeking to achieve the optimum energy mix ^(Note2) taking into account the various characteristics of renewable, nuclear and thermal power generation.
- We will make maximum use of nuclear power, with an emphasis on safety. We would also sincerely address and resolve nuclear power-related issues (the pursuit of safety and public confidence, measures for storing spent fuel, decommissioning issues etc.)



- We will expand renewable energy development in Kyushu, other areas of Japan, and overseas. In addition to the use of geothermal and hydroelectric power, two areas where Kyuden Group has a strong advantage, we will also harness offshore wind power and biomass power, aiming to generate a total of 5,000 MW in renewable energy.

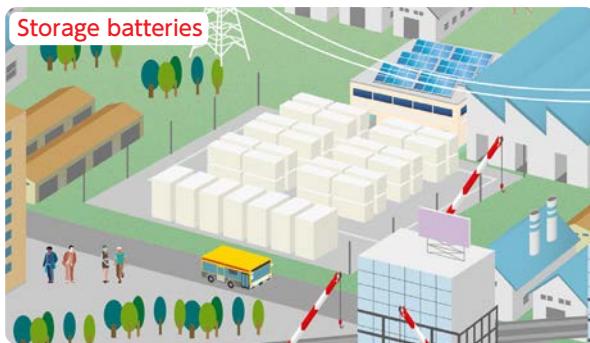
Development volume of renewable energy



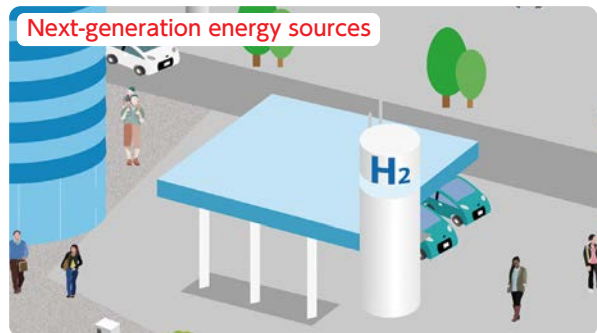
- We will prioritize ESG perspectives and, to ensure that as many customers as possible feel the value of eco-friendly, convenient, good-quality energy, we will work not only in the areas of industry, business and household electricity supply, but will start to encourage electricity usage in other fields including in transport through the increased usage of electric vehicles. (EVs).



- We will adapt to the diversification of electricity transactions including the spread of distributed power sources and transactions between individuals, working to harness storage cell technology and optimize electric power control.



- We will work to develop the technology required to produce the next generation of power sources.



- While working to harness renewable and nuclear energy to increase the percentage of non-fossil fuel power sources, improve the efficiency of coal and LNG thermal power generation, and promote electrification, we will work to create a low carbon society inclusion, contributing to the reduction requirement on cutting 70% of CO₂ emissions (in comparison to 2013).

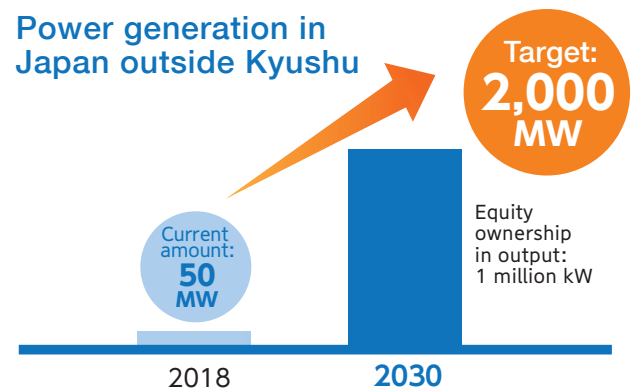
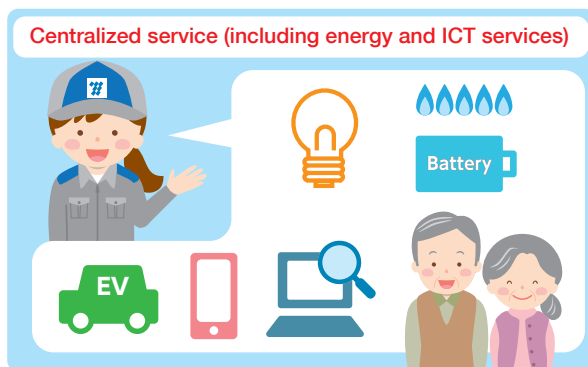
(Note1) S+3E refers to the four pillars of Japan's basic energy policy which aims to simultaneously achieve Energy security, Economic efficiency and preservation of the Environment, while maintaining Safety

(Note2) In order to achieve S+3E, Japan is committed to achieving an energy mix that balances the characteristics of various different power sources. The government has stated that under Japan's long-term energy demand projections, Japan's energy mix for 2030 will be approximately 22-24% renewable energy, 22-20% nuclear energy, 27% LNG, 26% coal, and 3% oil.

3 Strategies for Achieving our Vision

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

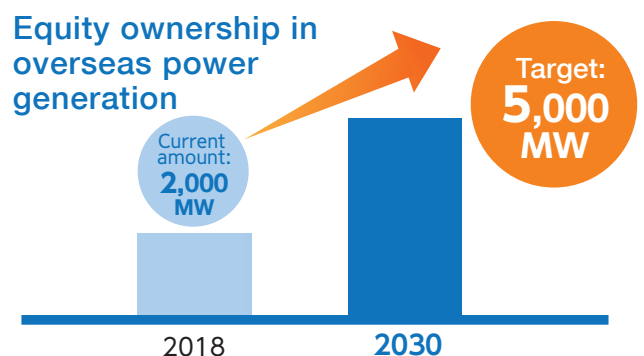
- While providing reasonably priced electricity, we will also provide centralized lifestyle-support service, responding rapidly to customer needs and creating new value.
- Through urban development and city planning, we will further publicize the comfort and convenience of electricity services, leading to an increase in the electricity sales volume.
- As various developments including the introduction of new electricity markets are greatly changing the nature of the business, we will continually review our business processes, seeking to generate profitability.
- We will engage in alliances with other companies, developing new power sources, including those outside Kyushu.



- We will increase retail and wholesale sales of gas with superior eco-friendly performance.
- We will strengthen our fuel business, particularly through LNG and coal fuel trading.



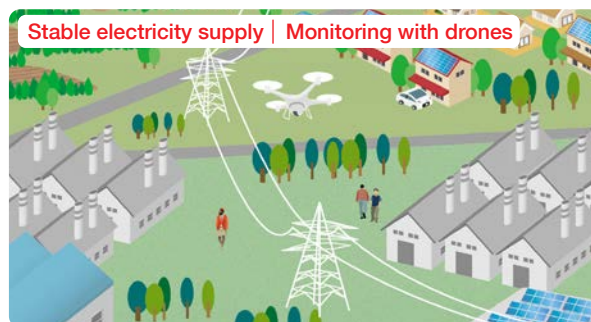
- In addition to Asia and the US, we will expand our power generation businesses overseas, harnessing the technology we have developed in Japan to engage in a diverse range of power generation formats, including LNG and renewable energy, aiming to achieve a total equity ownership in output of 5,000MW.



- In addition to seeking alliances with other companies, we will also expand our retail electricity sales through M&A, aiming to achieve a total domestic and overseas retail and wholesale electricity sales volume of 120 billion kWh.

Power Transmission and Distribution Business

- While maintaining high levels of fairness, transparency and neutrality, we will improve the efficiency and sophistication of our maintenance and operational services, simultaneously achieving stable supply and cost reductions.

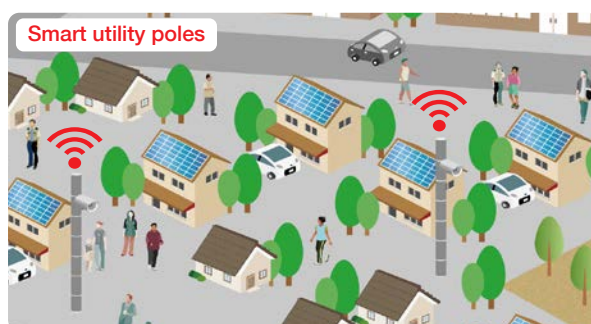


- We will take the initiative in increasing electricity demand in the Kyushu area by leveraging our contact with customers to promote electricity usage and by working together with local authorities to attract new companies to the area.



- We will aim to encourage the use of renewable energy and operation of energy-efficient facilities, improving the sophistication of our network technology.

- Through alliances with other companies, we will create businesses that make full use of network technology and assets.



- We will engage in various initiatives including consulting overseas and participation in various projects, growing these projects into new sources of profitability.

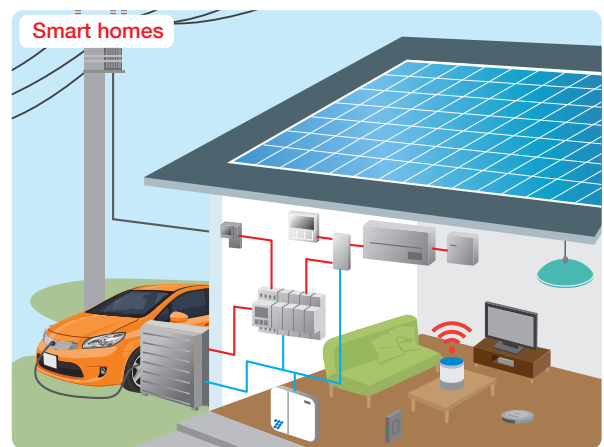


Strategy II Building a sustainable community together

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.



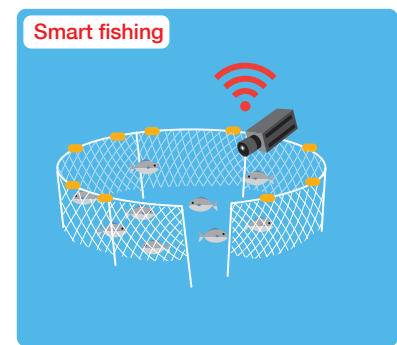
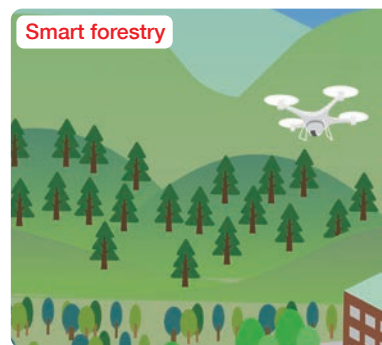
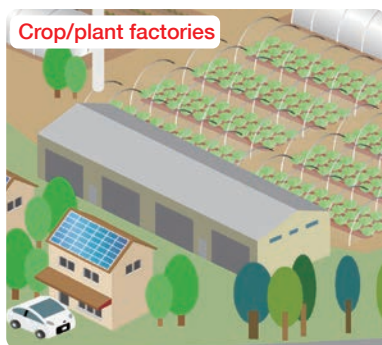
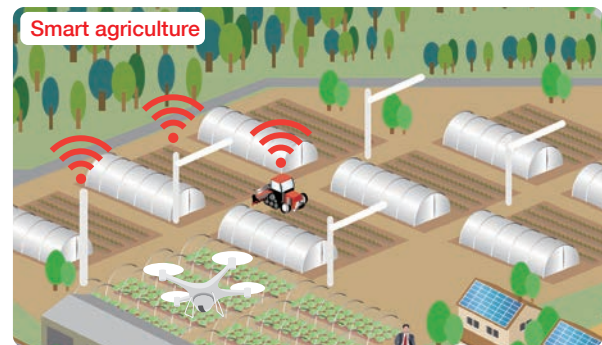
- We will cooperate with local authorities and other companies and harness internal group synergies to sincerely address community and social issues, producing new businesses and services that lead to more comfortable lives and economic activity while also addressing SDGs.



- While maintaining willingness to take on all manner of challenges to resolve issues affecting communities and society, Kyuden Group will engage principally in those areas that leverage its advantages, specifically ICT services, urban development and city planning, and infrastructure services.



- We will also engage in other areas including business support and life support, taking account of local characteristics as we face challenges in industries including those related to tourism and primary industry, coming together as a single group to create new markets that will lead to further growth and vitality of Kyushu.



- When working on these projects, we will not only pursue digital transformation ^(Note), we will actively pursue alliances with other companies, incorporating third-party knowledge to create new value.
- We will not only harness the results of our businesses in Kyushu to expand into other regions, we will also expand our business flexibly, sometimes first moving into areas outside Kyushu or overseas markets.

(Note) Digital transformation refers to the strategic and structural transformation of the business to harness ICT for the efficient provision of new value.

3 | Strategies for Achieving our Vision

Strategy III

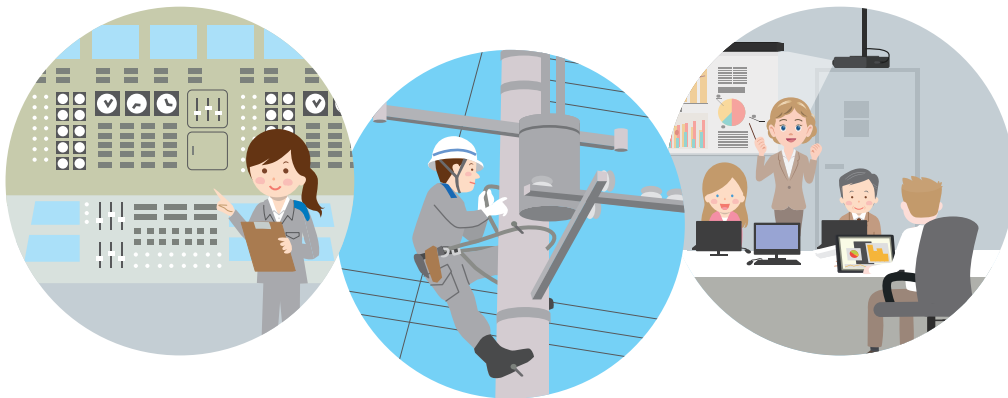
Strengthening our business foundations

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



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

- We will prioritize safety and health as a foundation of all of our business activities.
- We will promote diversity, fostering a professional team with an open mindset.



2 Continually pursuing a workplace that motivates its employees

- Through processes including the creation an organizational culture that facilitates good communication, the improvement and transformation of working practices and digital transformation, we are seeking to create a workplace with an emphasis on creative added value, that stimulates and motivates employees, allowing them to work in a manner that is consistent with their own lifestyles.



3 Consistently working to improve stakeholder trust

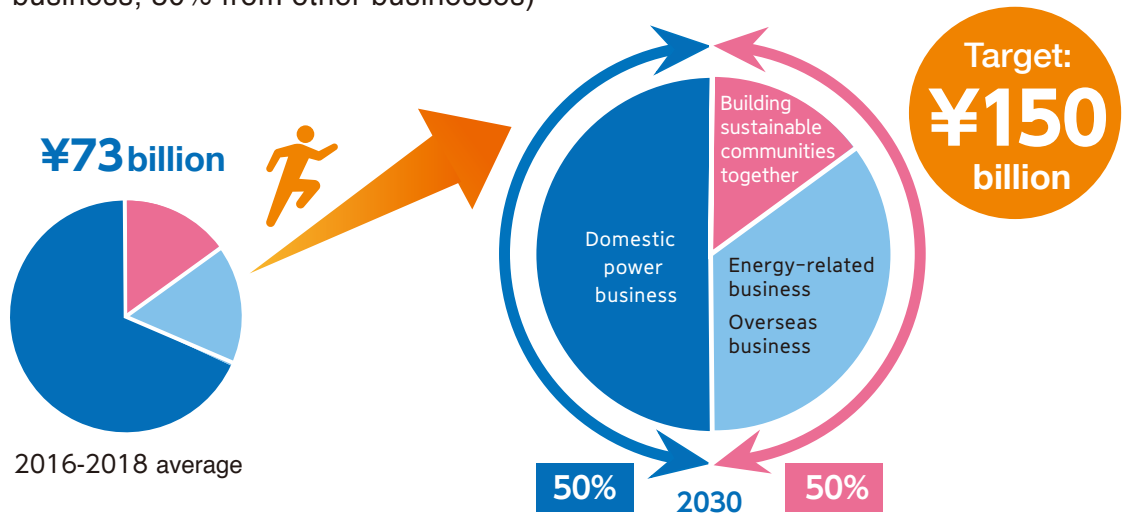
- We will work continually to build and strengthen the corporate governance structures that form the foundation of our various business activities, facilitating the continual growth of Kyuden Group and increases in its corporate value.
- We will build organizational and operational structures that allow us to rapidly and flexibly respond to the needs of society and the changing business environment.
- As the use of technologies such as IoT and AI becomes more widespread, we will maintain information security, seeking to achieve safety and peace of mind.
- To improve shareholder value, we will improve our financial position and work to provide more comprehensive shareholder returns.
- Through robust relationships with our business partners, we will come together as a group to move forward with our business.



4 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)

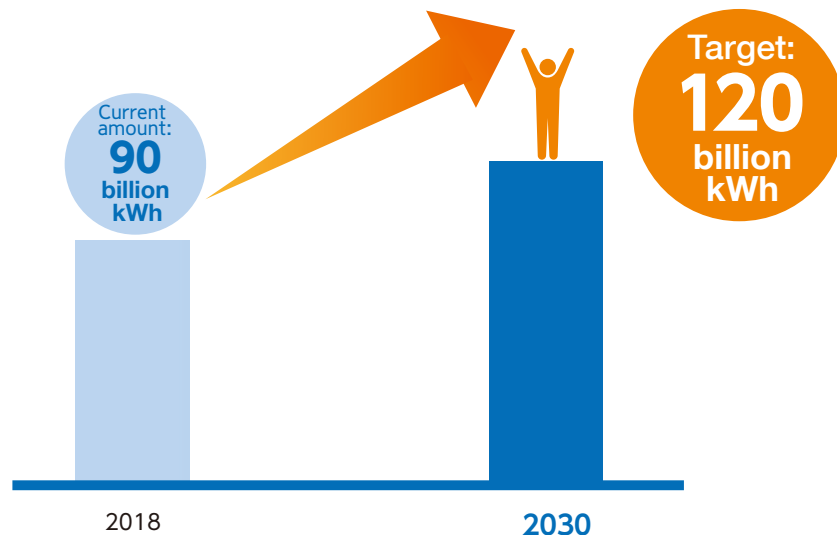


[As for shareholder return]

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

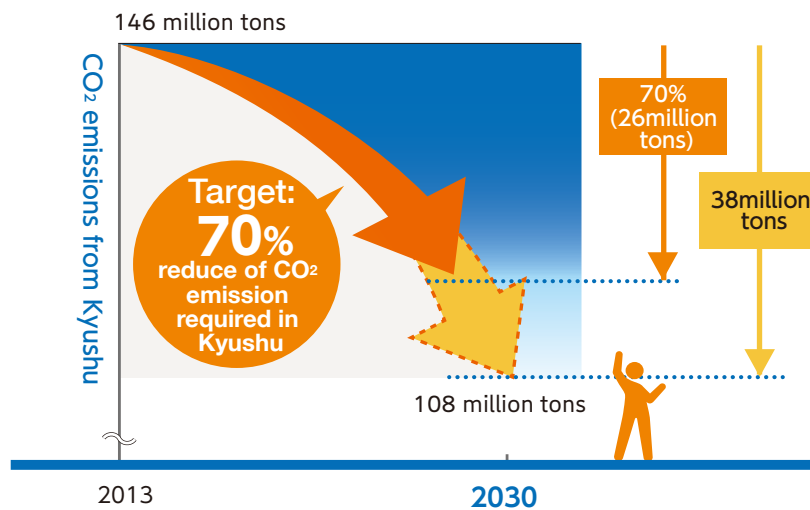
- We will aim to achieve total electricity retail and wholesale sales volume of 120 billion kWh in Japan and overseas.



Contributing to reduce 70% of CO₂ emissions required in Kyushu

- 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, Kyuden Group will contribute reduce 70%(26 million ton)^(Note1) of CO₂ emissions required in Kyushu.

(Note1) Japan's intermediate target is to achieve 26% reduction in comparison to FY 2013 by 2030. Converting this into a target for Kyushu results in a required reduction of approximately 38 million tons, corresponding to 26% of the 46 million tons of CO₂ emitted in Kyushu in FY 2013



Permanent pursuit of reasonable price for electricity

- By promoting the strategies required to achieve our vision, Kyuden will always seek to provide leading reasonably priced electricity service.^(Note2), contributing to the vitality of the region as Kyuden Group grows together with Kyushu.

(Note2) Excludes renewable energy surcharge, fuel adjustment charge and consumption tax.

