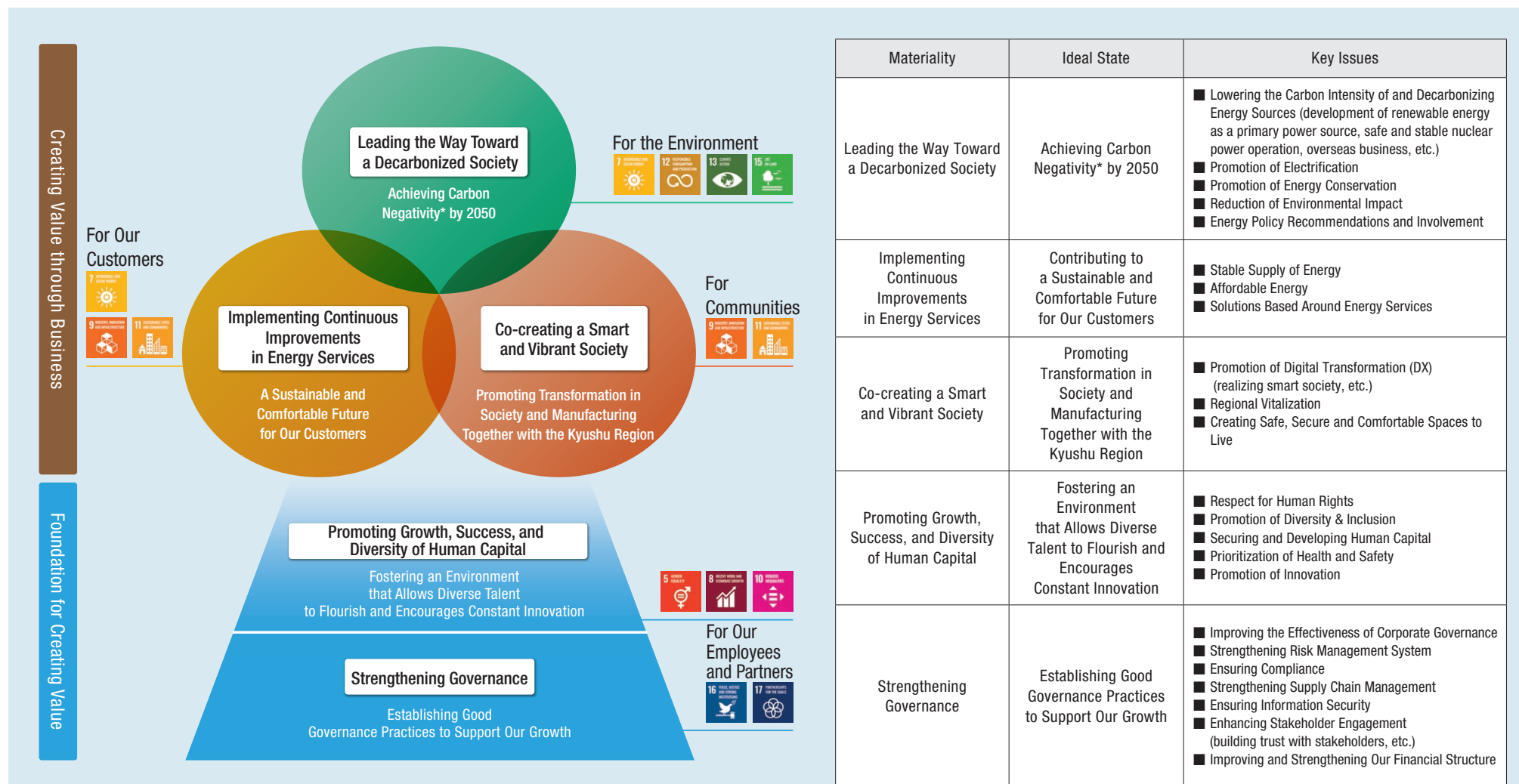


Materiality

Basic Concept

The Kyuden Group is promoting sustainability management that simultaneously creates “social value” and “economic value” through its business. In April 2022, we identified key management issues for achieving this goal as materiality. Through our efforts to resolve materiality, we will contribute to a sustainable society and realize the medium- to long-term growth of our Group. We will continuously review materiality in light of changes in social conditions and the business environment.



*The Kyuden Group committed to become carbon negative as a company as early as possible before 2050 by contributing to reduce GHG emissions from society as a whole, which will be larger than the amount that the Group emits.

● Process of Materiality Identification

Step 1. Identifying Key Issues

In order to identify key issues for achieving sustainability for both society and the company, we identified both “social issues” such as the SDGs and the growth strategies of the government and Kyushu, as well as “specific issues of the Kyuden Group” such as the realization of the Kyuden Group Management Vision.

Social issues SDGs, Global standards (GRI, SASB, ISO26000) Governmental and Kyushu growth strategies, etc.

Specific issues of the Kyuden Group Kyuden Group Management Vision 2030 Kyuden Group Carbon Neutral Vision 2050 Financial objectives (FY2025), etc.

Step 2. Assessment of Issues

The issues identified in Step 1 were assessed on two axes: economic value (importance to the Kyuden Group) and social value (importance to society).

Economic Value Assessment

We broke down the drivers of economic value into the following three categories

- 1) Maximize short-term opportunities
- 2) Expand medium- to long-term opportunities
- 3) Minimize risk

Based on this, we assessed risks and opportunities from a short-, medium-, and long-term perspective, quantitatively calculated financial impact, and made a final judgment on the three levels: high, medium, or low.

We also took into account the probability of the three levels to assess their importance.

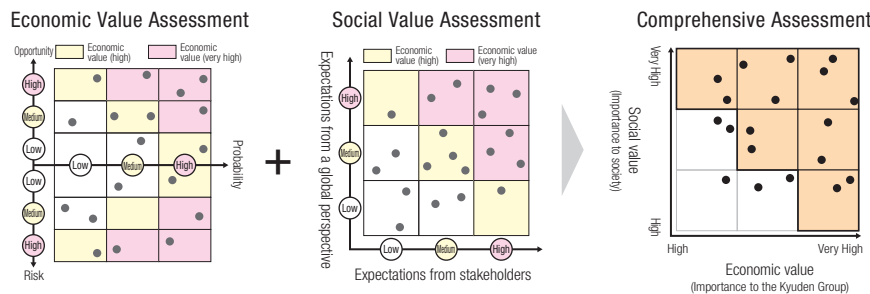
Social Value Assessment

In addition to “I: Expectations from a global perspective,” we also conducted assessment by including “II: Expectations from stakeholders,” which we collected from customers, local communities, investors, and others through our business activities, in order to take into account the perspective required of a market-oriented and community-rooted company.

After quantifying (scoring) each of them, we finally judged and rated their importance on three levels: high, medium, or low.

* Initially, only I was assessed, but after going through the process of Step 4, II was added to the new assessment axis and re-assessed.

Comprehensive Assessment: Issues with greater economic and social value are assessed as highly important



Step 3. Formulating Materiality Proposals

Issues assessed as highly important in Step 2 were identified as key issues, categorized as shown on the right, discussed by the Sustainability Promotion Committee, and organized into materiality proposals.

- Materiality Proposals**
- Leading the Way Toward a Decarbonized Society
 - Implementing Continuous Improvements in Energy Services
 - Co-creating a Smart and Vibrant Society
 - Promoting Diversity & Inclusion
 - Strengthening Governance

Step 4. Validating materiality proposals and the process

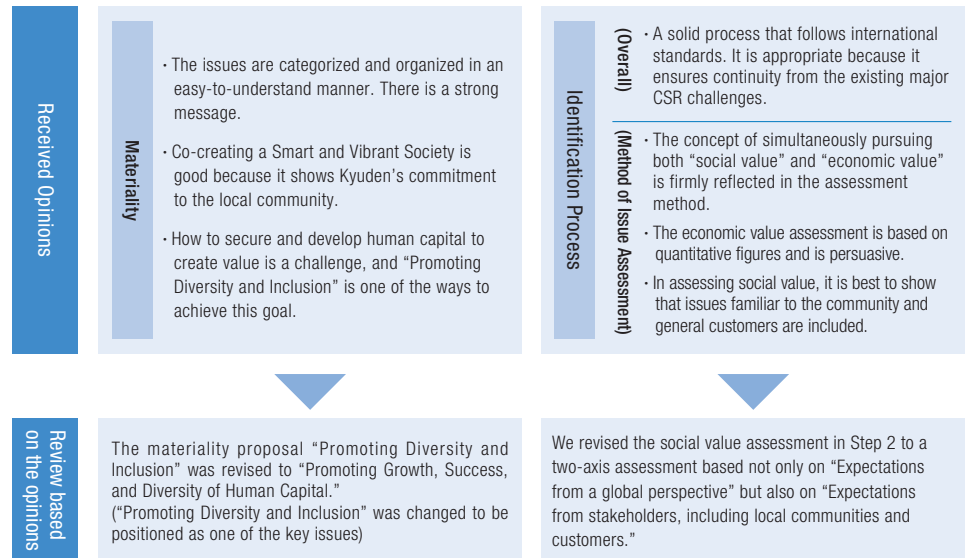
We exchanged views with our group companies and external experts familiar with stakeholder perspectives regarding the materiality proposals in Step 3 and identification process. Furthermore, based on the opinions we received, we improved the assessment method for the issues and had another discussion with all directors.

Based on these discussions, the materiality proposal “Promoting Diversity and Inclusion” was revised to “Promoting Growth, Success, and Diversity of Human Capital.”

■ Outside experts with whom we exchanged views

Affiliation and position	Name
Director of Business Development Division, Kyushu Economic Research Center	Hideyuki Okano
Representative Director, Biznet Corporation	Yuriko Hisadome
Representative Director, Psy's Learning	Machiko Takami
Executive Fellow & General Manager, Research Institute of Capital Formation, Development Bank of Japan	Keisuke Takegahara
Professor, Graduate School of Management, Tokyo University of Science	Masayoshi Miyanaga

Note: Affiliations and positions are as of the time of the exchange of views.



Step 5. Identifying Materiality

Based on the results of Step 4, the Sustainability Promotion Committee discussed the final materiality proposals after re-evaluation of Step 2, and then the proposals were approved by the Board of Directors.

- Materiality**
- Leading the Way Toward a Decarbonized Society
 - Implementing Continuous Improvements in Energy Services
 - Co-creating a Smart and Vibrant Society
 - Promoting Growth, Success, and Diversity of Human Capital
 - Strengthening Governance