

Materiality: Co-creating a Smart and Vibrant Society

Promotion of Digital Transformation (DX)

The Kyuden Group views the essence of DX as corporate transformation, and is taking on the challenge of improving productivity and generating new sources of revenue through new business development by making full use of advanced, state-of-the-art digital technology to drastically reform our business operations.

Our basic policy is to establish data-driven corporate activities at the Kyuden Group to improve the quality of our operations and decision-making, leveraging the power of data. Based on this, we are moving forward with efforts to transform our business in two main ways: operational reforms utilizing digital technology, and structural reforms to our ICT infrastructure.

Promotion framework

On July 1, 2022, we established the role of Chief DX Officer and the Digital Transformation Promotion Division to further accelerate our drastic operational reforms and new business development.

Specific efforts

■ Operation reforms

We are promoting initiatives to achieve operational reforms utilizing digital technology based around certain themes we have selected, including “automation and centralization of field operations,” “reformation of shared operations,” and “data-based decision-making.”

The Digital Transformation Promotion Division has appointed directors and other key personnel from each business division as “operational reformers” to encourage each division to take the lead while also overseeing and steering the promotion of DX throughout the Group.

We are also working toward corporate reform, which includes our services, operations, people and organizations, with digital technology as our starting point.

■ Structural reforms to our ICT infrastructure

In order to implement structural reforms to our ICT infrastructure, a prerequisite for promoting DX, we are moving forward with initiatives based on the themes of “establishing simplified development frameworks to bring system development in-house,” “building a platform for utilizing data,” and “expanding our virtual infrastructure and external cloud services.”

■ New business development

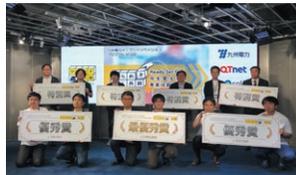
We are exploring the use of digital technology to improve the value of our products and services, fundamentally reform our customer contact points, and radically reform our business model. We will take on the challenge of creating an array of new businesses that will generate new value and lead to solutions for social issues, such as by building a platform to analyze and utilize data from smart meters and offering services based on it.

We are also taking steps to collaborate with other companies, including by hosting the Open Innovation Program: Innovation and Co-Creation (January to June 2022), which combines the digital technologies and business ideas of start-up companies with resources of Group companies.

■ Promotion of data utilization

In order to facilitate and embed the use of data both within and across our organizations, which is needed to improve productivity and drive business reforms throughout the Kyuden Group, we are promoting efforts across three areas we have defined: data use support and awareness raising, data management, and data governance.

Moving forward, we will provide the functionality needed to experience the benefits of using data as soon as possible, increase awareness of using data by exposing all of our employees to it, and firmly establish the processes and controls required based on the extent to which data is being utilized.



The Open Innovation Program award ceremony

Regional Vitalization

The Kyuden Group is rolling out a number of initiatives aimed at the sustainable development of communities and society, the creation of new industries, and the growth of industries that will lead the future.

Promotion of initiatives to solve local issues

Kyushu Electric Power has entered into partnership agreements with local governments across Kyushu to promote solutions to local issues as well as sustainable community development.

Utilizing the Kyuden Group’s management resources, products, and services, we are working to develop systems to restore power as soon as possible in the event of a disaster, distribute needed equipment and supplies to evacuation centers, stimulate industry by taking advantage of local tourism resources, and promote electrification for a zero carbon world.

■ Comprehensive partnership agreements concluded (local governments)

| Year | Local government partner |
|--------|--|
| FY2018 | Hisayama Town |
| FY2019 | Kumamoto Pref., Aira City (Kagoshima Pref.), Kasuya Town, Asakura City |
| FY2020 | Ukiha City, Yame City, Yanagawa City, Dazaifu City, Shime Town, Tsushima City (Nagasaki Pref.), Nakagawa Town, Kurate Town |
| FY2021 | Togitsu Town (Nagasaki Pref.), Higashisonogi Town (Nagasaki Pref.), Satsumasendai City (Kagoshima Pref.), Minamiaso Village (Kumamoto Pref.), Ogori City, Sasaguri Town, Nagomi Town (Kumamoto Pref.), Kamimine Town (Saga Pref.), Fukutsu City, Chikugo City, Munakata City, Chikuzen Town, Okawa City, Shingu Town, Omuta City, Miyazaki Pref., Saga City (Saga Pref.) |

Note: Those without the name of a prefecture listed are located in Fukuoka Prefecture

Q-Den Nigiwai Startup Project

Kyushu Electric Power launched the Q-Den Nigiwai Startup Project in July 2019, which aims to help solve local issues by building sustainable business models in collaboration with local communities. This project will focus on the themes of “increasing the number of visitors to the area,” “creating a population of people who relate to and settle in the region,” and “promoting local industry.” We will work together with local residents to plan and jointly undertake sustainable businesses that solve local issues.

We are currently working on the project in two locations in Fukuoka and Nagasaki, and in October 2020, we established the Kyuden Nigiwai Startup Company, a general incorporated association that will serve as the business entity for the project. In Higashisonogi Town, Nagasaki Prefecture, we have been collaborating with the Higashisonogi Hitokotomono Foundation to sell products to increase the number of visitors to the area, open a community hub where visitors and locals can interact, share information on the region and support those moving to or starting a business in the town.

On Ainosima Island in Shingu Town, Fukuoka Prefecture, we will work in cooperation with the Ainosima Regeneration Council to develop a processed fish food business with the aim of creating a connected and settled population in light of the shortage of people to work in the local community.

Support for the introduction of electronic gift certificates and local currency platforms

Since FY2019, we have been collaborating with SBI Holdings and The Chikuho Bank* to provide an information platform for digitizing premium gift certificates with the aim of revitalizing local economies and communities by circulating currency within the region.

To date, we have provided services to numerous municipalities and associations of commerce and industry in and outside of Kyushu.

* In May 2021, a new joint venture company (Machi no Wa Co., Ltd.) was established with the aim of further strengthening collaboration between the three companies and vigorously promoting regional development and revitalization while utilizing knowledge gained from past initiatives.

VOICE



Realizing change in the community through efforts to revitalize the local economy using ICT

Saori Enmoto
ICT Business
Promotion Group,
Information &
Communications
Division,
Kyushu Electric Power

We’re working together with communities to solve local issues and promote DX by utilizing electronic gift certificates and local currency platforms.

I’ve felt firsthand the major changes the platforms have brought to the communities after being introduced.

I’d like to continue our community-based efforts so that the platforms will become an indispensable part of the community in the future.

Creating Safe, Secure and Comfortable Spaces to Live

The Kyuden Group is promoting initiatives to increase the number of visitors to the region, enliven the community, create jobs, and contribute to safe and secure communities for the sustainable development of local communities and society.

● Contributing to the Sustainable Development of Communities and Society through Our Urban Development Business

We are working on a wide range of urban development projects in not only the Kyushu region, but the rest of Japan and overseas, leveraging upon the Kyuden Group's corporate network and other resources.

In addition to expanding our office, housing, airport, and other businesses, we will step up our initiatives in new sectors such as area development, including urban development and mixed-use development, industrial real estate including logistics facilities, and fee-based businesses.

Further, as an energy provider, we will strive to decarbonize society by promoting environmentally friendly development through improved energy efficiency and low-carbon energy use.

Project to utilize the former Fukuoka City fruit and vegetable market site

The LaLaport Fukuoka shopping center opened in April 2022 on the site of the former Fukuoka City fruit and vegetable market. Taking advantage of its location near the airport, major train stations, and main roads, the facility will serve as a new hub in Fukuoka City that aims to increase the number of visitors and improving the flow of people throughout the city.



LaLaport Fukuoka (Fukuoka Prefecture)

Development of the Fukuoka Maizuru Square office building

In April 2022, the Fukuoka Maizuru Square office building opened in Fukuoka City's Chuo Ward.

The complex uses renewable energy-based electricity and has EV chargers installed, helping achieve a decarbonized society. Its spacious pedestrian walkways and other amenities also help generate bustling urban activity.



Fukuoka Maizuru Square (Fukuoka Prefecture)

Major Projects



Project to utilize the former site of Niagemachi Elementary School, Oita City (Oita Prefecture; construction started July 2022)



Fukuyama City logistics business (Hiroshima Prefecture; acquired March 2021)



Kumamoto Airport privatized operations business (New terminal building to be in service in March 2023)



Development of ESG-friendly rental housing in southern USA (Joined May 2022)

● Attracting Businesses to Kyushu

The Kyuden Group is actively working to attract companies from outside the Kyushu region by utilizing its network spanning throughout Kyushu.

Kyushu Electric Power branches located in each prefecture of Kyushu work with municipalities to match them with companies, and provide support and other services to meet the needs of companies and other entities entering the Kyushu area. We also introduce products and services suitable for new factory and office construction and relocation by utilizing the Kyuden Group's products.

While adhering to regulations on business conduct, Kyushu Transmission and Distribution works closely with local governments to gather information on industrial parks and idle land, early supply of electricity reviews outlines of measures for expedited supply, and proposes sites where supply can be quickly provided.

● Offering Services to Support the Safety and Security of Communities and Society

At the Kyuden Group, we offer services that support the safety and security of local communities and society. These include labor-saving drone services that enable more advanced on-site work and a monitoring service for children and the elderly.

Aerial photography, inspection, and surveying services by drones

Kyushu Electric Power offers the Kyuden Drone Service (QDS), which uses drones for aerial photography, inspections, surveying, and video editing throughout Kyushu. A lineup of other problem-solving services is also available, including a drone-based pesticide spraying service that helps save labor, and a forest resource management support service that combines drone-based laser surveying with AI for high-precision image analysis.



IoT-based monitoring service for children and the elderly

Kyushu Transmission and Distribution offers the new Qottaby monitoring service developed through the Group's KYUDEN i-PROJECT for innovation in Fukuoka City, Kasuya Town, and Hisayama Town.

The service allows parents and guardians to check the location of their elementary school children or elderly relatives carrying special monitoring devices equipped with beacons (radio wave transmitters) via smartphone.

