

Materiality: Strengthening Governance

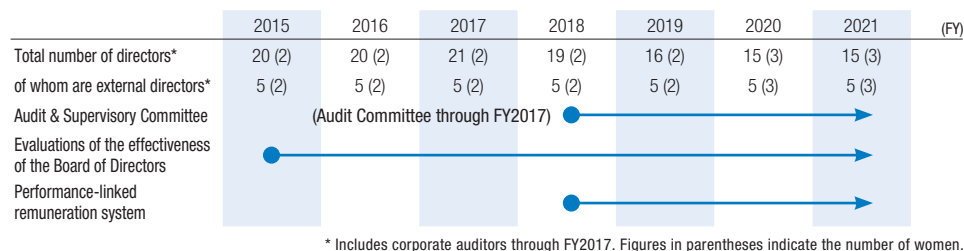
# Improving the Effectiveness of Corporate Governance

At Kyushu Electric Power (Kyushu EP), we believe that engaging in operations that are socially meaningful from a long-term perspective based on the Kyuden Group's Mission leads to sustainable value for all stakeholders. In order to properly carry out these business activities, we strive to strengthen our corporate governance system as an important management issue.

The business environment is changing rapidly, and we believe that strengthening governance and accelerating decision-making are essential to responding flexibly and dynamically to these changes. To that end, Kyushu EP has been a Company with Audit & Supervisory Committee since FY2018.

In addition to the system design, we are working to further improve operational effectiveness through such initiatives as having external directors attend Corporate Management Committee meetings and instituting "Director Roundtables" for all directors to freely exchange opinions.

■ Changes in governance

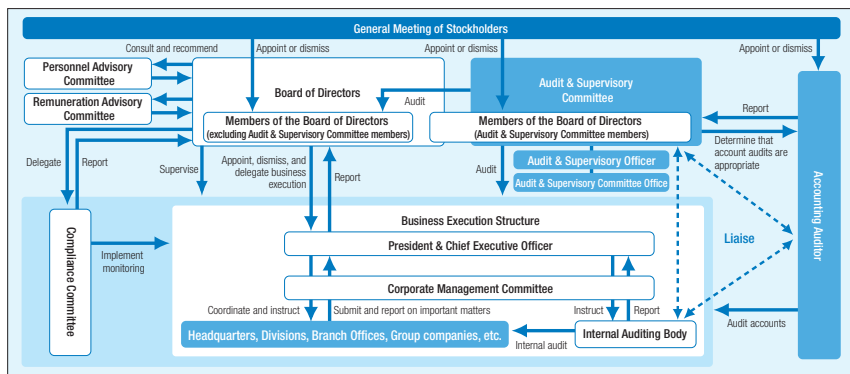


## Promotion Framework

With governance based on the Board of Directors and Audit & Supervisory Committee as its foundation, Kyushu EP strengthens the supervision of management by appointing highly independent external directors and has the Audit & Supervisory Committee and Internal Auditing Body collaborate to increase the effectiveness of audits.

In addition to undertaking such initiatives as clarifying the role of directors and executive officers in supervision and execution and thoroughly implementing compliance management, we continually work to enhance the system by establishing the Basic Internal Control Policy.

■ Corporate Governance Structure (as of July 2022)

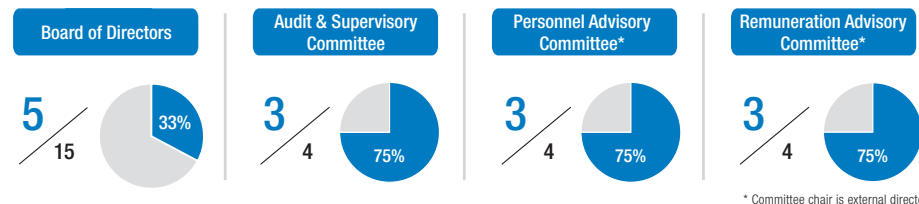


## Board of Directors and Policy on Appointing Directors

The Articles of Incorporation stipulate that the Board of Directors is to consist of up to 19 directors (of which up to five are to be directors who are Audit & Supervisory Committee members), from the perspective of achieving active deliberations and strengthening the supervisory function.

Based on the perspective of balancing diversity in terms of gender, internationality, work experience, age, etc., and appropriate size, directors appointed from within the company are selected by comprehensively taking into account their personal character, insight, ethics, career background, and capabilities. For external directors, who account for at least one-third of directors, we select candidates who meet the decision criteria for the independence and have abundant experience and insight in corporate management and specialized fields. In addition, the Board of Directors on the whole is configured in a manner that takes overall fields of business into account while striking a balance between diversity and appropriate size with, for instance, three women among its directors.

■ Percentage of directors who are external directors (as of July 2022)



■ Attendance at Board of Directors meetings, etc. (number of times attended/number of times held, FY2021)

	Name	Board of Directors meeting	Audit & Supervisory Committee	Personnel Advisory Committee	Remuneration Advisory Committee
Internal	Michiaki Uriu	15/15	—	—	—
	Kazuhiro Ikebe	15/15	—	5/5	6/6
	Ichirou Fujii	15/15	—	—	—
	Makoto Toyoma	15/15	—	—	—
	Naoyuki Toyoshima	14/15	—	—	—
	Yoshio Ogura <sup>1</sup>	15/15	—	—	—
	Yasuji Akiyama	15/15	—	—	—
	Junichi Fujimoto <sup>2</sup>	10/10	—	—	—
	Yoshifumi Kuriyama <sup>2</sup>	10/10	—	—	—
External	Yasuaki Endo <sup>2</sup>	10/10	11/11	—	—
	Sakie Tachibana Fukushima	15/15	—	5/5	6/6
	Junji Tsuda <sup>2</sup>	10/10	—	5/5	6/6
	Kazutaka Koga <sup>1</sup>	15/15	16/16	5/5	6/6
	Kazuko Fujita	15/15	16/16	—	—
	Hiroko Tani <sup>1</sup>	15/15	16/16	—	—

<sup>1</sup>: Resigned in June 2022  
<sup>2</sup>: Member since June 2021

## Evaluation of the Effectiveness of the Board of Directors

The Kyushu EP Board of Directors has conducted an evaluation of the effectiveness of the board since FY2015. In FY2021, to further “reinforce monitoring function” and “improve deliberations on management strategy and policies taking into consideration changes in the environment,” which were opinions from the previous fiscal year’s evaluation, we expanded the scope of reports related to business execution, established Director Roundtables as a venue for deliberations by all directors, and discussed such issues as response to carbon neutrality and company-wide risks.

Furthermore, in conducting the FY2021 evaluation, we not only made use of an external organization for conducting, compiling, and analyzing the questionnaire but also substantially revised questions to better reflect the corporate governance code in order to further improve the quality and objectivity of evaluations.

### Survey Subject

(1) composition and operation of Board of Directors, (2) management strategy and business strategy, (3) corporate ethics and risk management, (4) performance monitoring and management team evaluation and compensation, (5) dialogue with shareholders, etc.

In the above questionnaire, each item was highly rated. The results were discussed by all directors, who evaluated the board as generally functioning effectively. Furthermore, during deliberations by the directors, there was the opinion that it would be desirable if efforts were made to further improve the following.

- Delegation of authority from the Board of Directors to the executive officers to speed up decision making
- Expansion of deliberations on management strategy and issues related to overall Group material issues (continuation of director Roundtable)

In addition to improvements based on these opinions, we are working to continue to improve the effectiveness of the Board of Directors.

## Remuneration System

Remuneration for individual directors (excluding directors who are Audit & Supervisory Committee members) consists of basic remuneration and performance-linked remuneration. Since FY2021, performance-linked remuneration has been based not only on consolidated ordinary income given in financial objectives of the Management Vision but also other performance metrics, such as reduction in greenhouse gas (GHG) emissions in order to become carbon neutral and dividends paid to shareholders. Remuneration for external directors, based on their duties, consists only of basic remuneration and does not include performance-linked remuneration.

The Remuneration Advisory Committee, chaired by an external director and a majority of whose members are external directors, deliberates on the amount of remuneration, which may not exceed the total amount of remuneration and upper limit on the number of shares approved at the General Meeting of Shareholders, and then the Board of Directors decides on the amount.

In addition, Audit & Supervisory Committee members attend Remuneration Advisory Committee meetings and confirm the appropriateness of deliberations by the committee.

### Director remuneration result (FY2021)

■ Basic remuneration (monetary remuneration, monthly remuneration)

Directors (excluding Audit & Supervisory Committee members)	14	¥372 million
Directors (Audit & Supervisory Committee members)	5	¥77 million
<b>Total</b>	<b>19 (of which 6 are external directors)</b>	<b>¥450 million (of which ¥60 million is for external directors)</b>

■ Performance-linked remuneration (monetary remuneration, bonus (short-term performance-linked remuneration))

Directors (excluding Audit & Supervisory Committee members and external directors)	9	¥43 million
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■ Performance-linked remuneration (non-monetary remuneration, share remuneration (medium- to long-term performance-linked remuneration))

Directors (excluding Audit & Supervisory Committee members and external directors)	9	¥53 million
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## Director Skill Matrix

To generate sustainable growth and increases in Kyuden Group’s corporate value at a time of drastic changes in the business environment, we identified the advanced knowledge that the Company’s Board of Directors should possess and skills that it should possess in order to indicate the direction of management from various perspectives, implement quick management decision making, and appropriately fulfil its management supervision function.

Name	Position within the Kyushu EP	Personnel Advisory Committee	Remuneration Advisory Committee	Fields with particularly high expectations <sup>*1</sup>								
				(1) Corporate management	(2) Finances and accounting	(3) Legal affairs and risk management	(4) Human capital	(5) ESG and sustainability <sup>*2</sup>	(6) Innovation and digital transformation	(7) Technology and R&D (including ICT)	(8) Sales and marketing	(9) Global business
Michiaki Uriu	Chairperson			○				○	○	○		○
Kazuhiro Ikebe	President & Chief Executive Officer	Member	Member	○	○		○	○				○
Ichirou Fujii	Vice-Presidential Executive Officer			○		○	○	○				
Makoto Toyoma	Vice-Presidential Executive Officer			○	○	○		○	○	○		
Naoyuki Toyoshima	Vice-Presidential Executive Officer			○						○		
Yasuji Akiyama	Senior Managing Executive Officer			○						○	○	○
Junichi Fujimoto	Senior Managing Executive Officer			○		○	○					
Yoshifumi Kuriyama	Senior Managing Executive Officer			○							○	
Yoshiharu Senda	Senior Managing Executive Officer					○		○	○	○		
Sakie Tachibana Fukushima	Director	External Independent Woman	Member	Member	○			○		○		○
Junji Tsuda	Director	External Independent	Chairperson	Chairperson	○						○	○
Yasuaki Endo	Audit and Supervisory Committee Member				○		○	○	○			
Kazuko Fujita	Audit and Supervisory Committee Member	External Independent Woman				○						
Yuji Oie	Audit and Supervisory Committee Member	External Independent						○		○	○	
Tomoka Sughara	Audit and Supervisory Committee Member	External Independent Woman	Member	Member			○	○				

\*1: This does not indicate all the knowledge and experience possessed by the director.

\*2: ESG and sustainability are indicated as “○” if the person possesses extensive knowledge of overall ESG management or knowledge and experience related to environmental management.

# Overview of the Dialogue Between External Director and Investors

We conducted dialogue with external director and investors during the December 2021 ESG small meeting in order to ascertain market needs and engage in constructive dialogue with investors.



**Sakie Tachibana Fukushima**  
External Director

**Profile** Since 2010, President and Representative Director of G&S Global Advisors (current position). In June 2020, Ms. Tachibana Fukushima became an external director at Kyushu Electric Power. Formerly a director at Korn Ferry International's headquarters in the U.S., and since 2002 she has acted as an external director at more than ten Japanese companies. She possesses many years of experience and broad knowledge of globalization of human capital and corporate governance.

## Q1. Basic role of external directors (Kyushu EP's expectations)

I think that Kyushu Electric Power (Kyushu EP) has three expectations of me as an external director, which are (1) ensure that what is common sense within Kyushu EP when supervising execution delegated by shareholders, does not become something that is perceived by others as lacking sound reasoning, (2) serve as a role model for women employees in the Company in regard to diversity of human capital, and (3) offer reference knowledge from outside the Company on such issues as innovation.

I try to take into consideration various points and fulfill those roles, which involves attending Corporate Management Committee meetings and other meetings, participating remotely in exchanges of opinions with frontline workers to directly listen to their opinions.

## Q2. What is your evaluation of Kyushu EP, when compared to other companies and your own experience, what would you like to change?

Kyushu EP's strengths are that the whole organization truly tries to fulfill its public mission of providing a stable supply of electric power and that it properly conducts such activities as uncovering and analyzing risks when making investments. Furthermore, the Board of Directors does not simply handle questions between external directors and internal directors but also undertakes lively discussions among internal directors, which I think makes it possible to obtain sufficient information necessary for management

decisions. It is my experience that the position of an external director in a company with an Audit & Supervisory Committee is a difficult one, but when it comes to governance, not only the institutional design but also the operational aspects are extremely important. I think that Kyushu EP should aim to create the optimal system considering the unique aspects of the industry, climate, and CEO, while incorporating the good aspects of various examples.

On the other hand, Kyushu EP's weaknesses are, which are partly due to its strengths, that it is very cautious about such issues as developing new ideas and changing how things are done now.

From my experience as a HR consultant and with global management, I think that when one considers diversity, it is important to look at each individual, who possesses numerous unique traits, in their totality as human capital, not to excessively stress individual aspects such as nationality or gender. On the other hand, Japan lags behind other countries in terms of promoting women, and it is important to support women as one category for a temporary measure. Unfortunately, various metrics for Kyushu EP, such as the percentage of managers who are women, are lower than those of other power companies. I hope that my presence as a woman will have a positive impact on Kyushu EP and its employees.

## Q3. What do you stress when making decisions and what do you take into consideration in order to reflect stock market needs?

In any strategy, I look at its consistency: does it deliver on its promise to the shareholders who invested in it, and is it consistent with the company's philosophy? In particular, the infrastructure industry is a leader in creating a carbon-free society, and I look at whether we have an appropriate strategy to do that. A company alone cannot fully control its stock price, but I want to look at things from the perspective of whether we have a persuasive strategy for the stock market.

## Q4. What is your understanding of Kyushu EP's revenue and expenditures and financial problems?

As I mentioned previously, I think the point is consistency between principles and the strategy in the Medium-term Management Plan. The plan is significant in that it indicates the direction the Company is moving. The Medium-term Management Plan includes an appropriate strategy for an infrastructure company in terms of ESG and SDGs and with an eye toward solving social problems, and I highly rate it as being in line with the principle of "Enlighten Our Future."

However, what is important is implementing the strategy. As for achieving our KPIs, it is important to firmly monitor whether the strategy is reflected in



ESG Small meeting

figures. A point of concern is our low equity ratio, and it is my opinion that we must fully examine how we can achieve the target of 20%. Furthermore, I compared to other companies in the same industry, there are points that need to be worked on, such as the introduction of ROIC management, and I would like to provide suggestions on these points in the future.

## Q5. Risk of nuclear power

Following the Great East Japan Earthquake, I felt that Japan would reduce nuclear power at some point in time, but now as an external director of Kyushu EP, I have once again become aware that nuclear power is indispensable for stable supply of electricity at the present time. Nuclear power is not only cost competitive but is also a stable no-carbon power source. Through dialogue with employees, I confirmed the strong safety awareness and pride among frontline employees. While giving the greatest priority to safety, it is important to make effective use of nuclear power until alternate power sources, such as renewable energy, are fully functioning in order to fulfil our mission to offer a stable supply. Therefore, it is important to continue to develop renewable energy technologies, which are currently easily damaged by natural disasters. I hope that Kyushu EP takes responsibility for that innovation and becomes a leading decarbonization company.

### Post-dialogue opinion of investors

- Kyushu EP is one of the first companies in the electric power sector to conduct dialogue with external director which is praiseworthy. I hope that they continue to implement such measures.
- It was possible to confirm that external directors have similar values as investors, making the exchange of opinions meaningful.
- I was able to confirm that the board is highly effective because of members such as Ms. Tachibana Fukushima.

# Members of the Board of Directors (Kyushu Electric Power) (As of July 1, 2022)

**Common stock in the company held 30,600 shares**




**Overview of career, positions, and responsibilities**  
 1975 Joined Kyushu EP  
 2009 Member of the Board of Directors, Senior Managing Executive Officer, Director of Thermal Power Division  
 2011 Member of the Board of Directors, Vice-Presidential Executive Officer, Director of Thermal Power Division  
 2012 Member of the Board of Directors, Vice-Presidential Executive Officer  
 2012 Member of the Board of Directors, President & Chief Executive Officer  
 2018 Member of the Board of Directors, Chairperson (current position)

**Important concurrent positions**  
 External Director, Audit & Supervisory Committee Member, The Nishi-Nippon City Bank, Ltd.  
 External Audit & Supervisory Board Member, Kyushu Railway Company  
 External Director, RKB Mainichi Holdings Corporation

**Michiaki Uriu**  
**Member of the Board of Directors, Chairperson**

**Common stock in the company held 29,300 shares**



**Overview of career, positions, and responsibilities**  
 1981 Joined Kyushu EP  
 2017 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Corporate Strategy Division  
 2018 Member of the Board of Directors, President & Chief Executive Officer (current position)

**Important concurrent positions**  
 Chairperson, The Federation of Electric Power Companies of Japan

**Kazuhiro Ikebe**  
**Member of the Board of Directors, President & Chief Executive Officer**

**Common stock in the company held 23,890 shares**



**Overview of career, positions, and responsibilities**  
 1979 Joined Kyushu EP  
 2017 Managing Executive Officer, Director of the Human Resource Vitalization Division, Business Solution Headquarters  
 2018 Member of the Board of Directors, Senior Managing Executive Officer, Director of the Human Resource Vitalization Division, Business Solution Headquarters, Matters relating to the President's Office  
 2020 Member of the Board of Directors, Vice-Presidential Executive Officer, Executive Director of Business Solution Headquarters, Matters relating to CSR  
 2021 Member of the Board of Directors, Vice-Presidential Executive Officer, Executive Director of Business Solution Headquarters (current position)

**Important concurrent positions**  
 External Director, Audit & Supervisory Committee Member, Nishi-Nippon Railroad Co., Ltd.

**Ichirou Fujii**  
**Member of the Board of Directors, Vice-Presidential Executive Officer**


**Common stock in the company held 22,478 shares**



**Overview of career, positions, and responsibilities**  
 1981 Joined Kyushu EP  
 2016 Executive Officer, General Manager of Fukuoka Branch Office  
 2018 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Corporate Strategy Division  
 2020 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Corporate Strategy Division, Matters relating to Internal Audit Office  
 2020 Member of the Board of Directors, Vice-Presidential Executive Officer, Executive Director of Corporate Strategy Division  
 2021 Member of the Board of Directors, Vice-Presidential Executive Officer, Crisis Management Officer, Matters relating to ESG (current position)

**Makoto Toyoma**  
**Member of the Board of Directors, Vice-Presidential Executive Officer**

**Common stock in the company held 23,249 shares**



**Overview of career, positions, and responsibilities**  
 1982 Joined Kyushu EP  
 2017 Managing Executive Officer, Deputy Director of Nuclear Power Division  
 2018 Member of the Board of Directors, Senior Managing Executive Officer, Director of Nuclear Power Division  
 2022 Member of the Board of Directors, Vice-Presidential Executive Officer, Executive Director of Nuclear Power Division (current position)

**Naoyuki Toyoshima**  
**Member of the Board of Directors, Vice-Presidential Executive Officer**

**Common stock in the company held 17,614 shares**



**Overview of career, positions, and responsibilities**  
 1979 Joined Kyushu EP  
 2014 President of Kyuden Ecosol Co., Ltd. (now Kyuden Mirai Energy Company, Incorporated)  
 2014 Trustee, seconded to Kyuden Ecosol Co., Ltd.  
 2018 Executive Officer, seconded to Kyuden Mirai Energy Company, Incorporated  
 2019 Retired as President of Kyuden Mirai Energy Company, Incorporated  
 2019 Senior Managing Executive Officer, Deputy Executive Director of Energy Service Headquarters, Director of Planning and Balance Optimization Division  
 2020 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Energy Service Headquarters (current position)

**Important concurrent positions**  
 External Director, Nippon Tungsten Co., Ltd.

**Yasuji Akiyama**  
**Member of the Board of Directors, Senior Managing Executive Officer**


**Common stock in the company held 19,973 shares**



**Overview of career, positions, and responsibilities**  
 1980 Joined Kyushu EP  
 2017 Managing Executive Officer, Deputy Director of Nuclear Power Division and Deputy Director of Siting Affairs & Communication Division  
 2018 Managing Executive Officer, Director of Siting Affairs & Communication Division  
 2019 Senior Managing Executive Officer, Director of Siting Affairs & Communication Division  
 2021 Member of the Board of Directors, Senior Managing Executive Officer, Director of Siting Affairs & Communication Division (current position)

**Junichi Fujimoto**  
**Member of the Board of Directors, Senior Managing Executive Officer**

**Common stock in the company held 13,783 shares**



**Overview of career, positions, and responsibilities**  
 1981 Joined Kyushu EP  
 2016 Executive Officer, General Manager of Oita Branch Office  
 2018 Managing Executive Officer, Deputy Director of Marketing Division, Energy Service Headquarters  
 2019 Managing Executive Officer, Director of Marketing Division, Energy Service Headquarters  
 2020 Senior Managing Executive Officer, Deputy Executive Director of Energy Service Headquarters, Director of Marketing Division  
 2021 Member of the Board of Directors, Senior Managing Executive Officer, Deputy Executive Director of Energy Service Headquarters, Director of Marketing Division (current position)

**Yoshifumi Kuriyama**  
**Member of the Board of Directors, Senior Managing Executive Officer**

**Common stock in the company held 14,692 shares**



**Overview of career, positions, and responsibilities**  
 1984 Joined Kyushu EP  
 2017 Executive Officer, Deputy Director of District Symbiosis Division, Business Solution Headquarters  
 2018 Executive Officer, Director of Civil & Architectural Engineering Division, Technical Solution Headquarters  
 2019 Managing Executive Officer, Director of Civil & Architectural Engineering Division, Technical Solution Headquarters  
 2020 Senior Managing Executive Officer, Executive Director of Technical Solution Headquarters  
 2022 Member of the Board of Directors, Senior Managing Executive Officer, Executive Director of Technical Solution Headquarters (current position)

**Important concurrent positions**  
 External Director, FUJI P.S CORPORATION

**Yoshiharu Senda**  
**Member of the Board of Directors, Senior Managing Executive Officer**

Note: Common stock in the company held as of March 31, 2022.





**Sakie Tachibana**  
Fukushima

**Member of the Board of Directors (External)**

Common stock in the company held 2,700 shares

**Overview of career, positions, and responsibilities**

- 1980 Joined Blackstone International, Ltd.
- 1984 Left Blackstone International, Ltd.
- 1987 Joined Bain & Company, Inc.
- 1990 Left Bain & Company, Inc.
- 1991 Joined Korn Ferry International-Japan (now Korn Ferry Japan)
- 1995 Member of the Board of Directors, Korn Ferry International U.S. Headquarters
- 2000 President, Korn Ferry International-Japan
- 2001 President and Representative Director, Korn Ferry International-Japan
- 2007 Retired as Member of the Board of Directors, Korn Ferry International U.S. Headquarters
- 2009 Chairperson and Representative Director, Korn Ferry International-Japan
- 2010 Retired as Chairperson and Representative Director
- 2010 President and Representative Director, G&S Global Advisors, Inc. (current position)
- 2011 Vice Chairperson, Japan Association of Corporate Executives (through 2015)
- 2016 Member of the Board of Directors, Ushio, Inc. (part-time, current position)
- 2019 Member of the Board of Directors, Konica Minolta, Inc. (part-time, current position)
- 2020 Member of the Board of Directors, Kyushu EP (current position)
- 2022 Outside Director, Aozora Bank, Ltd. (part-time, current position)

**Important concurrent positions**

- President and Representative Director, G&S Global Advisors, Inc.
- External Director, Ushio, Inc.
- External Director, Konica Minolta, Inc.
- Outside Director, Aozora Bank, Ltd.



**Junji Tsuda**

**Member of the Board of Directors (External)**

Common stock in the company held 5,100 shares

**Overview of career, positions, and responsibilities**

- 1976 Joined Yaskawa Electric Mfg. Co. Ltd. (now Yaskawa Electric Corporation)
- 1998 Vice President, Yaskawa America, Inc.
- 2003 Retired as Vice President, Yaskawa America, Inc.
- 2005 Member of the Board of Directors, Yaskawa Electric Corporation
- 2009 Managing Director of the Board, Yaskawa Electric Corporation
- 2010 President (Representative Director), Yaskawa Electric Corporation
- 2013 Representative Director, Chairman of the Board, and President, Yaskawa Electric Corporation
- 2016 Representative Director, Chairman of the Board (current position), Yaskawa Electric Corporation
- 2017 Chairman, board of directors, the University of Kitakyushu (current position)
- 2018 Outside Director, TOTO Ltd. (part-time, current position)
- 2021 Member of the Board of Directors, Kyushu EP (current position)
- 2022 Member of the Board of Directors, Yaskawa Electric Corporation
- 2022 Special Advisor, Yaskawa Electric Corporation (current position)
- 2022 Outside Director, NSK Ltd. (part-time, current position)

**Important concurrent positions**

- Special Advisor, Yaskawa Electric Corporation
- Chairman, board of directors, the University of Kitakyushu
- Outside Director, TOTO Ltd.
- Outside Director, NSK Ltd.



**Yasuaki Endo**

**Member of the Board of Directors, Audit & Supervisory Committee Member**

Common stock in the company held 20,669 shares

**Overview of career, positions, and responsibilities**

- 1980 Joined Kyushu EP
- 2015 Executive Officer, General Manager of Saga Branch Office
- 2018 Managing Executive Officer, Director of District Symbiosis Division, Business Solution Headquarters
- 2019 Senior Managing Executive Officer, Director of District Symbiosis Division, Business Solution Headquarters
- 2021 Member of the Board of Directors, Audit & Supervisory Committee Member, Kyushu EP (current position)



**Kazuko Fujita**

**Member of the Board of Directors, Audit & Supervisory Committee Member (External)**

Common stock in the company held 2,100 shares

**Overview of career, positions, and responsibilities**

- 1971 Joined Chuo Accounting Office (Auditing Corporation, subsequently Misuzu Audit Corporation)
- 1975 Registered Certified Public Accountant (to present)
- 1983 Member, Chuo Accounting Office
- 1989 Representative Member, Chuo Shinko Audit Corporation (Subsequently Misuzu Audit Corporation)
- 2007 Left Misuzu Audit Corporation
- 2007 Partner, Tohmatsu Auditing (now Deloitte Touche Tohmatsu LLC)
- 2009 Retired as Partner
- 2009 Established Fujita Certified Public Accountants (to present)
- 2010 Registered Tax Accountant (to present)
- 2017 Controller, Fukuoka Gakuen (part-time, current position)
- 2020 Member of the Board of Directors, Audit & Supervisory Committee Member, Kyushu EP (current position)

**Important concurrent positions**

- Certified Public Accountant
- Tax Accountant (Fujita Certified Public Accountants)



**Yuji Oie**

**Member of the Board of Directors, Audit & Supervisory Committee Member (External)**

Common stock in the company held None

**Overview of career, positions, and responsibilities**

- 1990 Associate Professor, School of Computer Science and Systems Engineering, Kyushu Institute of Technology
- 1995 Professor, Information Initiative Center, Nara Institute of Science and Technology
- 1997 Professor, School of Computer Science and Systems Engineering, Kyushu
- 2008 Research Professor, Graduate School of Computer Science and Systems Engineering, Kyushu Institute of Technology
- 2009 President, Graduate School of Computer Science and Systems Engineering, Kyushu Institute of Technology
- 2010 Director, Vice President, Kyushu Institute of Technology
- 2016 President, Kyushu Institute of Technology
- 2022 Resigned from Kyushu Institute of Technology
- 2022 Member of the Board of Directors, Audit & Supervisory Committee Member, Kyushu EP (current position)



**Tomoka Sugihara**

**Member of the Board of Directors, Audit & Supervisory Committee Member (External)**

Common stock in the company held None

**Overview of career, positions, and responsibilities**

- 1999 Registered as an attorney (current position)
- Joined Miura Okuda Iwamoto Law Office (now Miura Okuda Sugihara Law Office)
- 2007 Partner, Miura Okuda Sugihara Law Office (current position)
- 2019 Director, City Ascom Co., Ltd. (part-time)
- 2020 Director, Audit & Supervisory Committee Member, City Ascom Co., Ltd. (part-time, current position)
- 2020 Director, Audit & Supervisory Committee Member, Nippon Tungsten Co., Ltd. (part-time, current position)
- 2022 Member of the Board of Directors, Audit & Supervisory Committee Member, Kyushu EP (current position)

**Important concurrent positions**

- Attorney (Partner, Miura Okuda Sugihara Law Office)
- Outside Director, Audit & Supervisory Committee Member, City Ascom Co., Ltd.
- Outside Director, Audit & Supervisory Committee Member, Nippon Tungsten Co., Ltd.

Note: Common stock in the company held as of March 31, 2022.

# Strengthening Risk Management System

To manage risk, Kyushu Electric Power (Kyushu EP) 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.

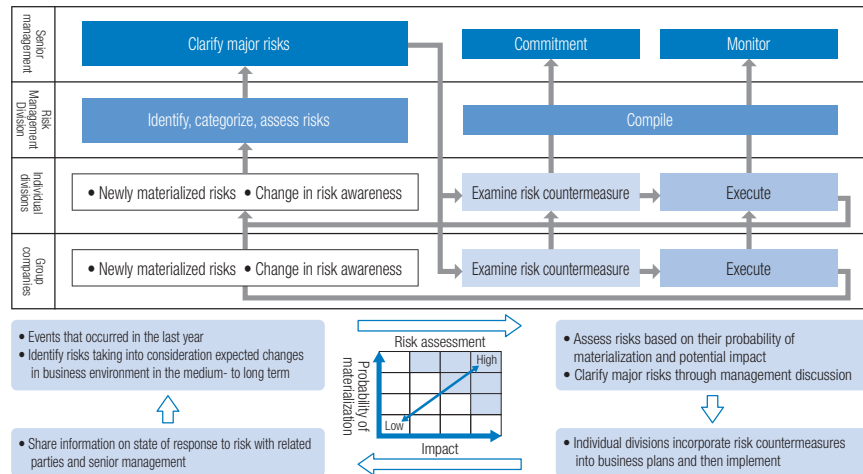
Individual divisions and business offices incorporates measures to address significant risks into business plan and manages them appropriately.

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 reduce 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.

## Risk Management Process (Framework)



## Creating a crisis management system

As the risks that the Company faces grow more diverse and complex to an unprecedented scale and at an unprecedented speed, we have created a crisis management system and strive to minimize the impact if they materialize.

Specifically, having installed not only an officer in charge of crisis management (Vice-Presidential Executive Officer, Kyushu EP) and manager of the department responsible for crisis management but also crisis management staff at such locations as the head office of Kyushu EP and Kyushu T&D, we share information and collaborate in the case of a crisis.

In addition to having established a Risk/Crisis Management Policy Conference, we have built a support system based on outside experts with specialized and advanced knowledge to continually improve and strengthen crisis management functions.

## Business risks announced by Kyushu EP (as of June 2022)

The main risks that have the potential to affect the Kyuden Group's business performance, financial situation, etc., include, but are not limited to, the following.

Risks	Details	Countermeasures	Related pages
			Integrated Report ESG Data Book
<b>Changes in the competitive environment</b>			
Domestic Electricity Business	Impact of temperature rises, economic trends, etc. Fiercer competition due to full deregulation of retail electricity sector Trends in wholesale electricity transactions	Provide competitive products and services Expand sales Create electric power demand in the region	P35-36, 49-50, 58 P15, 16, 38, 39
Other businesses (Overseas business, etc.)	Country risk Fiercer competition Changes in systems	Assess potential profitability and risks Establish a risk management framework Optimize our business portfolio Reduce costs Implement initiatives related to new technology	P37-40, 48 P16, 44, 51, 52
<b>Status of the situation surrounding nuclear power</b>			
Stable operation of nuclear power	Cessation of operations due to new regulatory standards Successful litigation against nuclear power	Respond to new regulatory standards (bolster safety) Implement appropriate countermeasures to such litigation	P46, 56
Atomic fuel cyclic and back-end of nuclear operations	Uncertainly accompanying extremely long-term projects	Alleviate impact through government measures	P29-35
<b>Fluctuations in market prices</b>			
Fluctuations in fuel costs	Changing conditions in international fuel markets and fluctuations in foreign currency rates Changes in procurement conditions (difficulties meeting demand)	Diversify procurement sources and ensure we remain flexible Make use of foreign exchange forwards and fuel price swaps	P58 P29
Interest rate fluctuations	Outstanding interest-bearing liabilities	Raise long-term capital with fixed interest	P26
Wholesale electricity market prices	Dramatic price increase due to changes in supply and demand Greater cost of avoidance, which is linked to the market	Optimize our energy source portfolio Use derivatives	P44
<b>Changes in systems related to the power industry</b>			
Basic Energy Plan Electricity system reforms	System change and amendments to the Basic Energy Plan Development of electricity markets and rules	Gather information on system design and respond appropriately	P44, 50
<b>Climate change</b>			
Climate change	Increase in capital expenditures due to regulatory review for low-carbon and decarbonization Changes in actions by investors concerning ESG Loss of reputation due to insufficient efforts or information disclosure	Promote electrification and low- or zero-carbon energy sources Establish an ESG promotion framework Disclosure of information on low-carbon and decarbonization initiatives (e.g., information disclosure and communication based on TCFD recommendations)	P44-55 P9-17
<b>Facility accidents/failures and system failures</b>			
Natural disasters System failures, etc.	Large-scale natural disasters Aging and breakdown of equipment System failures Cyber-attacks	Formulate business continuity plans (BCP) Cooperate with relevant organizations and local governments Carry out priority inspections and repairs, improve maintenance efforts, etc. Constantly monitor system operations and update systematically Maintain and raise our information security level	P57, 74 P40, 67
<b>Operational risks</b>			
Professional negligence (employee accidents, etc.)	Personal injury such as electric shock Large-scale or long-term blackouts Loss of trust from customers or society Expenses relating to post-incident response	Establish detailed plans in advance and put in place a work task management framework Conduct job training and drills Put in place an in-house safety promotion framework	P65 P36, 60, 61, 63
Violation of laws and regulations	Violations resulting from insufficient understanding of laws and regulations Compliance violations	Thoroughly implement compliance with laws and regulations Establish a compliance promotion framework	P73 P68-70
Infectious disease outbreaks	Impediments to business continuity Difficulties maintaining supply chains	Formulate business continuity plans (BCP) Create a better working environment	P62
Lack of human capital and skills	Inability to secure and train human capital or exodus of existing personnel	Systematically hire human capital Educate and train personnel so as to develop human capital Put in place a better working environment	P63-65 P53-62

Note: More information on the Kyuden Group's business risks can be found in the FY2021 Securities Report (the 98th term).

# Ensuring Compliance

**Major compliance breaches\*: 0 (FY2017–FY2021)**

\* Violations of laws or regulations deemed to have a major impact on society (incl. bribery or other corruption)

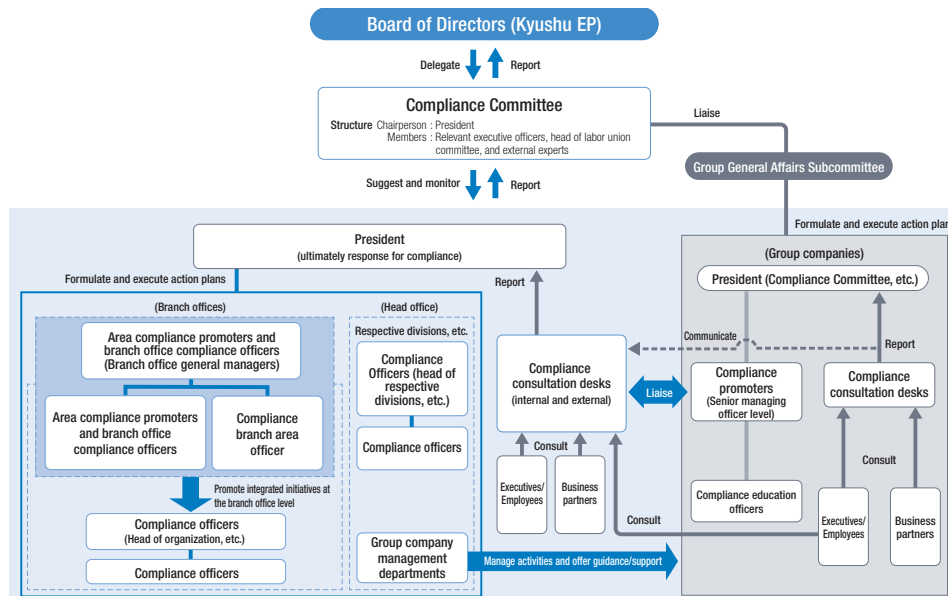
We believe the trust of society is the very foundation of our business activities and that it is vital that business operations are highly transparent, honest, and fair. This has led us to work to ensure that every employee is well aware of compliance, and to endeavor to prioritize compliance, including efforts to prevent bribery or other corruption, in our business activities, in all situations.

## Promotion Framework

At Kyushu Electric Power (Kyushu EP), under the Compliance Committee, which handles issues delegated by and is monitored by the Board of Directors, we have designated the heads of different business execution units as compliance officers who formulate and implement action plans. We have also created a framework, which included establishing consultation desks both within and outside the company. In these ways, we are promoting compliance, including corruption prevention.

For Group companies, we have a Group General Affairs Subcommittee, which includes members from each company. The subcommittee shares information relating to compliance and acts as a forum where members can exchange ideas. As well as promoting a Group-wide, unified approach, the subcommittee clearly defines the roles of the management departments that guide and support the Group companies, and strengthens the Kyuden Group's compliance promotion framework.

### Compliance Promotion Framework



## Compliance Committee

We have established a Compliance Committee chaired by the president, regularly provide advice and monitor compliance, and obtain suggestions and other forms of support from outside experts in the case a scandal that has a major impact on society occurs.

Advice provided by the Compliance Committee are also shared with Group companies and reflected in initiatives throughout the Group.

### Compliance Committee Framework

Compliance Committee	Roles	Structure
	<ul style="list-style-type: none"> <li>○ Regarding compliance:                             <ul style="list-style-type: none"> <li>● Proposes and deliberates policies, measures etc.</li> <li>● Monitors implementation</li> </ul> </li> <li>○ Receives suggestions from its external experts should a scandal occur that has a major social impact</li> </ul>	Chairperson: President Members: External experts (3) Head of Labor Union Committee Relevant executive officers
		Frequency
		○ Twice a year, in principle

### Major items for deliberation/reporting by the Compliance Committee (FY2021)

- Issues and future initiatives related to compliance promotion
- Operational status of the compliance consultation desks



Compliance Committee

## Initiatives to Raise Compliance Awareness

To further raise compliance awareness among employees and thoroughly prevent corruption, we implement various initiatives, including holding compliance training.

### Compliance Action Guidelines

We inform all officers and employees of the Compliance Action Guidelines, which cover specific points that should be kept in mind regarding relationship with stakeholders, including customers and shareholders/investors.

In addition, all employees carry a Compliance Card, which features the standards of behavior outlined in the Compliance Action Guidelines and forms a foundation for decisions when employees are not sure how to act.

### Raising employees' awareness through education and training

We also conduct workplace training, in which all employees independently think about compliance and includes activities such as exchanges of opinions on familiar examples, which links compliance to everyday behavior. Furthermore, we have appointed compliance officer at each branch office to promote education and training. During level-specific training, such as training for new employees and training for newly appointed managers, we raise compliance awareness among employees through such activities as educational ones so that employees gain a knowledge of compliance demanded for their particular age and position.

Even for Group companies, we undertake employee education by providing training material and other initiatives.

# Ensuring Information Security

**Information security incidents resulting from cyber-attacks\*: 0 (FY2019–FY2021)**

\* Information security incidences caused by cyber-attacks that have a major impact on society or the company, such as a cessation in electricity supply or leak of large amounts of personal information.

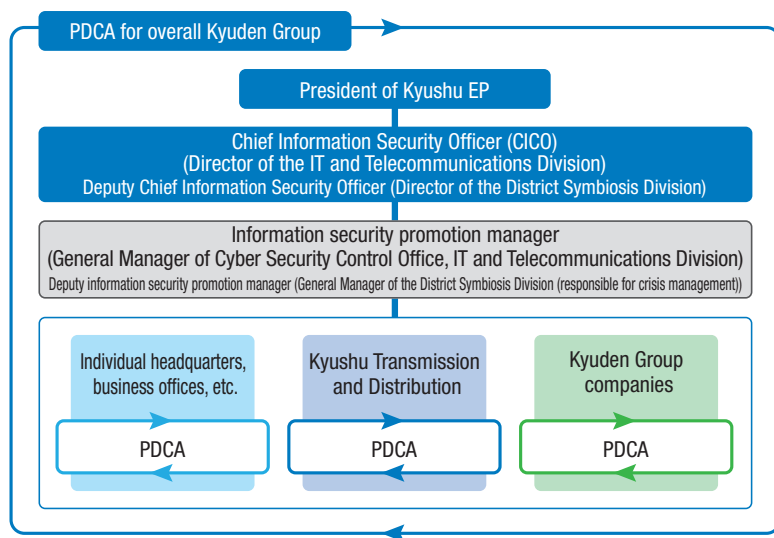
We are working to ensure appropriate information security and protect personal information by setting a fundamental approach to information security and the protection of personal information and ensuring officers and employees are well aware of the approach.

## ● Promotion Framework

Kyushu Electric Power (Kyushu EP) has created a framework under which the president is ultimately responsible and where the director of the IT and Telecommunications Division acts as the Chief Information Security Officer (CICO).

The Cyber Security Control Office, which is part of the framework, is the heart of group-wide efforts to promote the security PDCA cycle and works to guarantee information security.

### ■ Information Security Promotion Framework



## ● Information Security Measures

To prevent information security incidents, we implement multi-faceted initiatives that include organizational, human resource, physical, and technical measures. These efforts are centered on the Cyber Security Control Office, and involve cooperation among those responsible for information security at each of our sites, including Group companies.

### Organizational measures

Under the framework detailed above, we promote the use of the PDCA cycle throughout the entire group, check on progress in implementing information security efforts at each workplace, and make continuous improvements.

### Human resources measures

All employees undergo information security training and take part in drills related to targeted cyber-attacks via email. Through this and other types of training, we raise the awareness and understanding of information security and improving employees' ability to respond.

### Physical measures

As well as introducing security gates and electronic locks, we implement necessary measures at facilities to control who can enter our buildings and offices.

### Technical measures

In preparation for cyber-attacks, which are growing more sophisticated and ingenious, we are strengthening our security countermeasures by utilizing antivirus software and introducing security firewalls.

## ● Protecting Personal Information

We have put in place various internal regulations, and use and manage personal information appropriately within the scope of specific usage purposes. In addition, we properly respond to the revised Act on the Protection of Personal Information, which came into effect in April 2022.

In FY2021, there were no personal information leaks that needed to be reported to the Personal Information Protection Commission in line with guidance by the regulatory authorities and laws and regulations.

We will continue to properly and strictly manage personal information in line with laws, regulations, our Personal Information Policy, etc.

## ● Individual Number (My Number) System

In accordance with the purposes and requirements of relevant laws and regulations, we make sure to confirm individuals' identities when we are required to submit their personal individual number. When it is no longer necessary, we handle the information appropriately by promptly disposing of or deleting it or taking other steps. Moreover, when a customer contracts with us for electricity, we do not require them to provide their personal individual number.



## Strengthening Supply Chain Management

To provide products and services that are valuable to customers, it is necessary to procure safe, quality materials and parts in an economic and safe manner. In the process of procurement, we are aware that it is necessary to fulfill our social responsibilities, which includes not only adhering to laws and regulations (including prohibitions on child and forced labor) but also giving consideration to the environment throughout the supply chain (from purchasing raw materials to production, shipping, maintenance, operation, and disposal).

Taking this into consideration, Kyushu Electric Power (Kyushu EP) and Kyushu Transmission and Distribution (Kyushu T&D) formulated the Basic Policy for Procuring Materials and Basic Policy for Fuel Procurement based on Kyuden Group Corporate Code of Conduct. Based on the idea that “the understanding and cooperation of business partners is indispensable to thoroughly undertake procurement based on these policies,” we also work to build strong partnerships with business partners through such activities as promoting understanding of the policies.

### Request to Business Partners

Kyushu EP and Kyushu T&D request cooperation regarding the following ten items from business partners and related parties in the entire supply chain (suppliers, contractors, subcontractors, etc.) so that we can conduct fair procurement activities based on a mutual trust with parties related to the transaction.

- |  |  |
|--|--|
| <p><b>1 Adhering to laws, regulations, and social norms</b></p> <ul style="list-style-type: none"> <li>Adhere to the letter and spirit of Japanese and overseas laws and ordinances and social norms</li> <li><small>Note: Laws, regulations, and social norms are not limited to items such as the Civil Code, Commercial Code, Antimonopoly Act, and intellectual property related laws and regulations but include law, regulations, social norms, and other items related to labor and basic human rights that should be adhered to fulfill our social responsibility.</small></li> </ul> <p><b>2 Rejection of all relations with antisocial forces</b></p> <ul style="list-style-type: none"> <li>Break off relations with antisocial forces that threaten order and safety of civic life</li> </ul> <p><b>3 Adhering to and faithfully executing contracts</b></p> <ul style="list-style-type: none"> <li>Adhere to and faithfully execute contracts</li> </ul> <p><b>4 Taking into consideration the environment</b></p> <ul style="list-style-type: none"> <li>Adhere to environment-related laws and regulations (Waste Management and Public Cleansing Act, Construction Material Recycling Act, etc.)</li> <li>Work to increase the environmental performance of products (energy saving, recycling, long life, waste reduction, etc.)</li> <li>Work to promote environmentally friendly business activities (green procurement, etc.)</li> </ul> <p><b>5 Ensuring safety</b></p> <ul style="list-style-type: none"> <li>Adhere to safety-related laws and regulations</li> <li>Ensure public safety</li> <li>Ensure work procedures and an environment that gives the greatest priority to safety</li> </ul> | <p><b>6 Thoroughly implementing information security</b></p> <ul style="list-style-type: none"> <li>Adhere to the Act on the Protection of Personal Information</li> <li>Strictly manage and protect operation and technical information and other items acquired through business</li> </ul> <p><b>7 Ensuring stable delivery</b></p> <ul style="list-style-type: none"> <li>Establish a system for stable delivery and execution</li> </ul> <p><b>8 Offering quality after-sales service</b></p> <ul style="list-style-type: none"> <li>Cooperate with maintenance</li> <li>Appropriately respond to defects and provide guarantees</li> <li>Ensure response capabilities and quickly respond in the case of emergencies</li> </ul> <p><b>9 Pursing proper prices and maintaining and improving quality and technical capabilities</b></p> <ul style="list-style-type: none"> <li>Undertake additional initiatives to achieve proper prices</li> <li>Continue initiatives to maintain and improve quality and technological capabilities</li> </ul> <p><b>10 Promoting good communication</b></p> <ul style="list-style-type: none"> <li>Submit opinions, requests, proposals, etc.</li> </ul> |
|--|--|

### Conducting Questionnaire Targeting Business Partners (CSR Questionnaire (FY2021): conducted once)

With an eye toward raising awareness and deepening understanding of our Basic Policy for Procuring Materials, Request to Business Partners, and Basic Policy for Fuel Procurement, we use opportunities provided by such activities as communicating information to and visiting business partners, requesting their kind cooperation.

In addition, we conduct a questionnaire survey on CSR among our major business partners every year, and provide them with information and proposals to solve their needs and problems.

In addition to these initiatives, in FY2021, we surveyed all business partners (about 3,000 companies) on the state of their response to social issues, such as SDGs and carbon neutrality, as one part of our sustainability management within the supply chain.

## Enhancing Stakeholder Engagement

The Kyuden Group has relations with a wide range of stakeholders through its business activities. We undertake various communication activities in order to gain the understanding and learn the opinions of all stakeholders regarding business activities and build better relations.

### Promoting Two-way Communication with Stakeholders

To explain our corporate activities and learn the opinions and requests of customers, Kyushu EP and Kyushu T&D promote face-to-face dialogues that leverage various communication opportunities with people such as local residents, which include visits and dialogue meetings.

Furthermore, we actively undertake various initiatives, such as by preparing original explanatory materials for local customers and creating dialogue promotion teams in order to further promote activities. (FY2021: communicated with about 30,000 people)



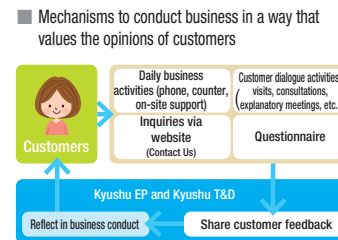
Home Visit for local residents

### Business Operation That Respects Customers' Opinions

In FY2021, Kyushu EP and Kyushu T&D received about 2,000 items of feedback from customers through day-to-day business activities, dialogues with customers, and other activities.

The comments of customers are not only shared throughout the company, including with top management, but also reflected in business operations, initiating inter-divisional discussions on measures for improvement.

While continuing to be sure to listen to the opinion of customers, we will strive to respond promptly to their needs.



### Local Community and Social Activities

In addition to fulfilling its roles as a member of local communities, the Kyuden Group participates in various local community activities to deepen communication with local residents. These activities include Korabora-Q-den, which aims to solve local problems through cooperation with NPOs and local residents, food drives\* to create a society better for children and the elderly, and local events. In FY2021, a total of about 23,000 employees participated in community and social activities, and in FY2022, actively efforts will continue to be made.

\* Activity in which unused food products and daily goods are brought to the workplace and then donated to the local Children Cafeterias.

#### TOPICS

#### “Ashita Project”: activities to broaden the ring of mutual help with local residents

To solve various local problems, we work with local residents, conduct the Ashita Project—Helping each other in the spirit of tomorrow, which expands the circle of mutual help, and provide support for businesses struggling to cope in the COVID-19 pandemic.



Supporting producers by purchasing flowers (Saga City, Saga)