

TRANSLATION

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## Corporate Governance Report

Last Update: June 30 2023

**Kyushu Electric Power Co., Inc.**

Representative: Kazuhiro Ikebe, President & Chief Executive Officer

Tel: +81-92-761-3031

Securities Code: 9508

[https://www.kyuden.co.jp/english\\_ir\\_index.html](https://www.kyuden.co.jp/english_ir_index.html)

The corporate governance of Kyushu Electric Power Co., Inc. (the “Company”) is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

The Company aims to generate sustainable value for all stakeholders in keeping with the Kyuden Group’s Mission by engaging in operations that are socially meaningful from a long-term perspective. The Company strives to develop and strengthen the corporate governance system, as its top management priority, to ensure that the Company conducts its business activities appropriately.

#### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

The Company complies with every principle (including details for the Prime Market) based on Japan’s Corporate Governance Code revised in June 2021.

#### **[Disclosure Based on the Principles of the Corporate Governance Code]**

##### **[Principle 1.4 Cross-Shareholdings]**

###### **o Policy regarding cross-shareholdings**

With respect to individual cross-shareholdings, the Company has its Board of Directors confirm the significance of owning such holdings on an annual basis. This involves comprehensively taking into account the notion of how such holdings are relevant particularly in terms of ensuring stable procurement of funds, materials and equipment, contributing to regional development and other elements of business strategy, and achieving symbiosis with communities. It also involves assessing profitability, future prospects and other such considerations upon having taken into account cost of capital and other factors. As a result, the Company will sell those cross-shareholdings that are deemed to have insufficient significance, and will also promote the sale of those cross-shareholdings that are deemed to have significance to the Company to the extent possible.

###### **o Standards on exercise of voting rights of shares held as cross-shareholdings**

When exercising voting rights, the Company decides whether to vote for or against individual proposals based on comprehensive factors from the perspective of increasing medium- to long-term value of the Company and enterprises whose shares the Company owns. When it comes to proposals that threaten to erode

shareholder value in particular, the Company appropriately exercises its voting rights upon having gathered sufficient information from the enterprise whose shares the Company owns and upon having shared details on managerial risks and other such matters.

(Reference)

As of the end of fiscal 2022, the Company maintains 126 equity holdings of unlisted shares valued at ¥64,186 million, among its holdings of investment shares held for purposes other than that of pure investment as stipulated by Cabinet Office Order on Disclosure of Corporate Affairs and other such matters. (With respect to shares other than unlisted shares, 26 equity holdings overall valued at ¥38,807 million have been contributed to retirement benefit trust, and accordingly constitute deemed shareholdings. On April 1, 2020, the Company concluded an agreement to modify the retirement benefit trust granting Kyushu Electric Power Transmission and Distribution Co., Inc. joint authority. Accordingly, the Company comprehensively administers and manages the retirement benefit trust, including holdings of Kyushu Electric Power Transmission and Distribution Co., Inc.)

The unlisted shareholdings include ¥52,957 million in shares of Japan Nuclear Fuel Limited, held for the purpose of contributing to the Company's stable and ongoing business operations. Japan Nuclear Fuel Limited plays an important role in Japan's nuclear fuel cycle particularly given that its reprocessing of spent fuel discharged by nuclear power stations is a necessary aspect of ensuring stable operations and energy consistency with respect to nuclear power stations. As such, the Company invests in Japan Nuclear Fuel Limited for the purpose of helping to ensure stability of its business operations.

#### **[Principle 1.7 Related Party Transactions]**

When a Director of the Company who concurrently serves in a position such as Representative Director of a subsidiary of the Company or other such entity (excluding a wholly owned subsidiary) acts as a counterparty to a transaction with the Company, details of potentially competing transactions and transactions entailing conflict of interest involving Directors are subject to prior approval of the Board of Directors, and results of such transactions are to be reported to the Board of Directors. In addition, the aforementioned procedures are applied to transactions with major shareholders, etc. who maintain substantial holdings amounting to at least one-tenth of the Company's total voting rights.

#### **[Supplementary Principle 2.4.1 Ensuring Diversity of Human Resources]**

- Policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation

The Company aims to create an environment and workplace culture in which diverse human resources can maximize their individuality and abilities and work while experiencing growth and job satisfaction.

In order to achieve this, the Company has set forth "Promote organizational management that leverages diversity and co-creation" in our training policy, and the Company is developing comprehensive initiatives to secure diverse human resources and support their active participation.

Specifically, the Company has established variety of programs including various training programs to support the career development of women; actively promoting women to management positions; hiring personnel with diverse knowledge and experience, including experience at other companies, throughout the year; a system for second work outside the Company with a view to acquiring knowledge and widening perspectives through external work experience; and a program for internal side jobs for the purpose of creating value through collaboration of human resources beyond organizational boundaries, thereby promoting active participation of human resources with diverse experience.

- Ensuring diversity in the promotion to core human resources

When promoting employees to managerial positions, the Company works to ensure diversity of core human resources by appointing diverse human resources from among those who have managerial capabilities, regardless of gender, nationality, hiring classification, etc.

The Company is also working to hire personnel with the expertise required for growth businesses etc.

#### **[Women]**

The Company has formulated an action plan related to the Act on Promotion of Women's Participation and Advancement in the Workplace, aiming to more than triple the number of new promotions of female managers and the number of appointments to organizational head posts (54 new managerial promotions and 21 appointments to organizational head posts) in the five years from fiscal 2019 to fiscal 2023, compared to the

five years before the introduction of the action plan (fiscal 2009 to fiscal 2013). The Company is working to further enhance the environment in which women can develop and continue to advance. For reference, from fiscal 2019 to fiscal 2022, there have been 49 new promotions and 28 appointments to organizational head posts.

[Foreign nationals]

As an initiative related to the recruitment of foreign nationals, the Company is actively recruiting international exchange students (fiscal 2015 - fiscal 2022 results: 11 hires from four countries). However, the Company has yet to appoint any of them to managerial positions because it has only been a few years since hiring them as new graduates. Although the Company has not set quantitative targets for the promotion of foreign nationals to managerial positions, they will be promoted according to their capabilities based on the professional grade qualification system, in the same manner as all other employees regardless of nationality.

[Mid-career hires]

Mid-career hires account for about 10% of hires every year, and since the introduction of the mid-career hiring system in 2008, the Company has hired 228 people and 63 have been promoted to managerial positions. Although the Company has not set quantitative targets for the promotion of mid-career hires to managerial positions, they are promoted according to their capabilities based on the professional grade qualification system, regardless of being new graduate hires or mid-career hires.

### **[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]**

Accounting Department that handles functions of finance takes charge of managing corporate pension funds, and regularly reports matters such as operational status in that regard to the Board of Directors.

In terms of personnel affairs, the Company systematically assigns professionals equipped with practical financial knowledge, including those with experience in pension management or financial affairs.

In terms of management, the Company rigorously strives to manage corporate pension funds in a manner that is mindful of its fiduciary responsibilities and conflicts of interest as stipulated under basic policy for managing pension assets pursuant to laws and regulations relevant to Defined-Benefit Corporate Pension Act, etc. The Company strives to fulfill its functions serving as asset owner by checking on developments with respect to asset managers of corporate pension funds exercising voting rights and regularly monitoring such asset managers.

### **[Principle 3.1 Full Disclosure]**

i) Company objectives (e.g., corporate philosophy), management strategies, and management plans  
In April 2007, the Company drew up Kyushu Electric Power's Mission "Enlighten Our Future," which serves as its brand message.

In January 2018, the name was changed to Kyuden Group's Mission in order to embrace the Company's desire to serve its stakeholders with the entire Kyuden Group more integrated.

Further details are disclosed on the Company's website.

(Kyuden Group's Mission)

[https://www.kyuden.co.jp/english\\_company\\_mission\\_index.html](https://www.kyuden.co.jp/english_company_mission_index.html)

In addition, "Kyuden Group Management Vision 2030," (which was formulated in June 2019), "Kyuden Group Carbon Neutral Vision 2050," (which was formulated in April 2021), and "Kyuden Group Action Plan to Achieve Carbon Neutrality" (which was formulated in November 2021) are also disclosed on the Company's website.

(Kyuden Group Management Vision 2030)

<https://www.kyuden.co.jp/var/rev0/0335/0650/uczthmf.pdf>

(Kyuden Group Carbon Neutral Vision 2050)

<https://www.kyuden.co.jp/var/rev0/0335/0652/f9w1bb54.pdf>

(Kyuden Group Action Plan to Achieve Carbon Neutrality)

<https://www.kyuden.co.jp/var/rev0/0335/0653/84uo07cx.pdf>

ii) Basic views and policies on corporate governance based on each of the principles of the Corporate Governance Code

For the Company's basic views on corporate governance, please refer to "1. Basic Views, I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" of this report.

- iii) Policies and procedures implemented by the Board of Directors in determining the remuneration of senior management and Directors

For the policies and procedures implemented by the Company's Board of Directors in determining the remuneration of senior management and Directors, please refer to "[Director Remuneration], 1. Organizational Composition and Operation, II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" of this report.

- iv) Policies and procedures implemented by the Board of Directors in the election/dismissal of senior management and the nomination of candidates for Director

[Policies and procedures for selecting candidates for Director, etc.]

o Policies

The Personnel Advisory Committee deliberates on election and dismissal of candidates for Director and others to ensure independence, transparency, and objectivity.

The Board of Directors as a whole shall ensure diversity and appropriate size in terms of gender, internationality, professional experience, and age. Candidates for Inside Director. are selected by comprehensively taking into account their personal character, insight, ethics, career background (extensive practical experience, knowledge, etc.), and capabilities (management capabilities that will contribute to achieving the sustainable growth of the Group and maximizing its corporate value over the medium to long term).

Meanwhile, candidates for Outside Director, comprising at least one-third of the overall Board of Directors, are selected from those who meet the decision criteria for the independence and have abundant experience and insight in corporate management and fields of specialization.

o Procedures

The Board of Directors decides on candidates for Director (including appointment of Senior Directors and Representative Directors) as well as Senior Executive Officers, subsequent to deliberations having been undertaken by the Personnel Advisory Committee chaired by an Outside Director and the majority of whose members are Outside Directors, assigned thereto for the purpose of heightening independency, transparency and objectivity. The Audit and Supervisory Committee is to furnish prior consent with respect to candidates for Directors who are Audit and Supervisory Committee Members.

In addition, the Audit and Supervisory Committee Member takes part in meetings of the Personnel Advisory Committee as observer and confirm that deliberations of the Committee are carried out to ensure that the function of supervising the execution of duties of Directors is effectively executed.

[Policies and procedures for discharge and dismissal of Directors, etc.]

The Board of Directors decides matters with respect to discharge of Senior Directors and Representative Directors and matters with respect to dismissal of Senior Executive Officers, subsequent to deliberations having been undertaken by the Personnel Advisory Committee should circumstances arise that call eligibility into question.

- v) Explanation with respect to the individual elections/dismissals of senior management and the nomination of candidates for Director by the Board of Directors based on iv) above

The reasons for the nomination of each candidate for Director shall be disclosed individually in the Reference Documents for the General Meeting of Shareholders.

(Notice of Convocation of The 99th Ordinary General Meeting of Shareholders and the Class General Meeting of Common Shareholders) \* In Japanese only

<https://www.kyuden.co.jp/var/rev0/0421/6566/i5kjahf8.pdf>

If the Board of Directors makes decisions with respect to discharge of Senior Directors and Representative Directors or dismissal of the President & Chief Executive Officer or other Executive Officers concurrently serving as Director, the reasons for each discharge and dismissal are to be publicly disclosed.

### [Supplementary Principle 3.1.3 Initiatives on Sustainability]

#### ○ Promoting sustainability

In July 2021, the Group established the Sustainability Promotion Committee (Chairperson: President) under the supervision of the Board of Directors, with a view to strategically and swiftly tackling various issues related to the environment, society, and governance (ESG), including carbon neutrality. Formulating strategies and policies related to sustainability and monitoring the status of internal initiatives, the Committee works to further advance sustainability-oriented management, in which the Group simultaneously creates social value and economic value through its business.

In the “Kyuden Group Management Vision 2030,” which was formulated and announced in June 2019, the Company has established three strategies for achieving its vision. Strategies I, II, and III correspond with the environment (E), society (S), and governance (G), respectively, and the Company promotes sustainability initiatives including ESG.

(Kyuden Group Management Vision 2030)

<https://www.kyuden.co.jp/var/rev0/0335/0650/uczthmhf.pdf>

Moreover, as a responsible energy business operator, the Company formulated and announced the “Kyuden Group Carbon Neutral Vision 2050” in April 2021 and the “Kyuden Group Action Plan to Achieve Carbon Neutrality” in November 2021 to drive realization of a decarbonized society. The Company is implementing initiatives to be carbon negative as early as possible before 2050, effectively reducing greenhouse gas emissions to less than zero, when accounting for the entire society associated with the Group’s business activities.

(Kyuden Group Carbon Neutral Vision 2050)

<https://www.kyuden.co.jp/var/rev0/0335/0652/f9w1bb54.pdf>

(Kyuden Group Action Plan to Achieve Carbon Neutrality)

<https://www.kyuden.co.jp/var/rev0/0335/0653/84uo07cx.pdf>

In April 2022, the Company identified its materiality, or key managerial issues for achieving this vision and making society and the Group sustainable. With the entire Group focusing on efforts to solve these material issues, it will strive to create a sustainable society and achieve medium- to long-term growth of the Kyuden Group at the same time.

( Materiality )

[https://www.kyuden.co.jp/english\\_company\\_esg\\_materiality.html](https://www.kyuden.co.jp/english_company_esg_materiality.html)

The Group uses Integrated Reports and other materials as tools to communicate details of these sustainability efforts to its stakeholders.

(Kyuden Group Integrated Report 2022)

[https://www.kyuden.co.jp/english\\_ir\\_library\\_Integratedreport\\_2022.html](https://www.kyuden.co.jp/english_ir_library_Integratedreport_2022.html)

#### ○ Investing in human capital and intellectual property

Toward achieving the “Kyuden Group Management Vision 2030” and financial targets for fiscal 2025, specific action plans, including investments, etc. in human capital and intellectual property, have been formulated and are disclosed in the Integrated Report.

(Kyuden Group Integrated Report 2022)

[https://www.kyuden.co.jp/english\\_ir\\_library\\_Integratedreport\\_2022.html](https://www.kyuden.co.jp/english_ir_library_Integratedreport_2022.html)

Regarding investment in human capital, the Company is implementing the core policies of “promoting value co-creation and innovation,” “promoting diversity and inclusion,” “prioritizing safety and health,” and “securing and developing strategic human resources.”

Toward “promoting value co-creation and innovation,” the Company is taking initiatives to support independent challenge-taking in order to encourage the autonomous growth of every employee. In our personnel and training programs, the Company provides self-selection opportunities for autonomous learning and career development, including self-selection training and support for self-development. In addition, the Company is implementing the “KYUDEN i-PROJECT” as an initiative to co-create new businesses and services based on employees’ ideas.

Toward “promoting diversity and inclusion,” the Company has been making efforts to secure human resources with diverse knowledge and experience by hiring people with experience at other companies and implementing programs towards their success, such as supporting their activities without regard to gender. From fiscal 2023, the Company will introduce new education and training programs and tools to diagnose workplace conditions, with the aim of transforming and establishing a co-creation organizational culture that leverages diversity in knowledge and experience. In addition, to promote flexible work styles that are not restricted by time or location, we are introducing a flexible work system with no core work hours and full remote working at the head office.

Toward “prioritizing safety and health,” the Company established the “Safety Education Center” in April 2023 as a safety education facility to foster the determination and ability to put into practice safety of Group employees, which is the foundation of our management, and to create and evolve a culture of safety through the collective efforts of the Group. In addition, by maintaining and improving the health of Group employees, which is the foundation of all our business operations, the Company is promoting health management with the aim of achieving lasting company development by increasing the motivation and vitality of employees and energizing the organization with their strength.

Toward “securing and developing strategic human resources,” the Company has been systematically hiring human resources with the expertise, technology, and experience necessary to realize management strategies, and established a new career path to recognize highly specialized human resources based on their market value. In addition, in order to promote DX, which contributes to improving productivity in all types of operations and creating new value, the Company provides education for all employees and specialized training to develop human resources who will lead DX. Furthermore, in order to systematically develop human resources who can lead management in a changing business environment, the Company offers a management leader training to cultivate the mindset, perspective, and decision-making framework necessary for management from an early stage.

Regarding investment in intellectual property, the Company has promoted technological development to realize the “Kyuden Group Management Vision 2030” and holds intellectual property encompassing 168 domestic and 70 overseas patents, 97 domestic and 3 overseas trademarks, and 4 domestic industrial design rights.

The Company’s policy for technological development is to work on technological development necessary to solve important management issues (materiality), and the Company is actively taking on the challenge of developing technologies that will contribute to “Leading the Way Toward a Decarbonized Society,” “Implementing Continuous Improvements in Energy Services,” and “Co-creating a Smart and Vibrant Society.” In addition, specific technology development initiatives that contribute to achieving carbon neutrality, such as the development of aggregation technology for distributed energy resources and large-capacity chargers/dischargers for electric buses, are disclosed on the Company’s website.

(The Company’s website: Technology development initiatives)\* In Japanese only

[https://www.kyuden.co.jp/company\\_tech\\_index.html](https://www.kyuden.co.jp/company_tech_index.html)

#### ○ Addressing climate change

The impact of climate change-related risks and profit opportunities on the Company’s business activities and profits are calculated after collecting and analyzing necessary data, and the results are disclosed in the Integrated Report based on the framework of the TCFD.

(Kyuden Group Integrated Report 2022)

[https://www.kyuden.co.jp/english\\_ir\\_library\\_Integratedreport\\_2022.html](https://www.kyuden.co.jp/english_ir_library_Integratedreport_2022.html)

#### **[Supplementary Principle 4.1.1 Clarification of the Scope of Matters Delegated to Management]**

The Company’s Board of Directors makes decisions on corporate business execution as well as matters stipulated under laws, regulations and the Articles of Incorporation, and supervises Directors in their execution of duties.

The President & Chief Executive Officer provides oversight of other Executive Officers with respect to the Company’s business execution in accordance with resolutions of the Board of Directors. Meanwhile, Executive Officers other than the President & Chief Executive Officer share and execute business affairs of the Company and Group companies, etc. within a range delegated per resolution of the Board of Directors, under the supervision of the President & Chief Executive Officer.

Specific business affairs delegated and assigned to Executive Officers are determined by the Board of Directors and details thereof are accordingly disclosed in the Securities Report and in press releases posted to the Company's website.

(Delegation of business affairs to Directors) \* In Japanese only

[https://www.kyuden.co.jp/press\\_h230628b-1.html](https://www.kyuden.co.jp/press_h230628b-1.html)

#### **[Principle 4.9 Independence Standards and Qualification for Independent Directors]**

The Company elects its outside officers having established its own decision criteria for the independence of outside officers in light of requirements for Outside Director pursuant to the Companies Act and also based on independence standards set by the securities exchange on which the Company is listed.

The decision criteria for the independence of outside officers of the Company is disclosed on the Company's website.

(Kyushu Electric Power's decision criteria for the independence of outside officers) \* In Japanese only

[https://www.kyuden.co.jp/ir\\_management\\_governance.html](https://www.kyuden.co.jp/ir_management_governance.html)

#### **[Supplementary Principle 4.10.1 Mandates and Roles of the Members of the Personnel Advisory Committee and the Remuneration Advisory Committee, and the Policy Regarding the Independence of the Composition]**

The Company has established the Personnel Advisory Committee and the Remuneration Advisory Committee, chaired by Outside Directors and the majority of whose members are Outside Directors, with the aim of enhancing independence, transparency and objectivity in selecting and dismissing candidates for Director, etc. and determining remuneration.

Outside Directors are appropriately involved and give advice in their respective Committees from an independent and objective standpoint.

The Personnel Advisory Committee deliberates on matters related to the selection of Director candidates, etc., taking into consideration the diversity of the Board of Directors as a whole and its response to the entire business field. The Committee shall obtain prior consent from the Audit & Supervisory Committee with respect to candidates for Directors who are members of the Audit & Supervisory Committee.

The Remuneration Advisory Committee deliberates on matters related to the policy for determining executive remuneration and the determination of individual remuneration, etc.

In addition, Audit and Supervisory Committee Member take part in meetings of the two Committees as observers and confirm that deliberations of the Committee are carried out to ensure that the function of supervising the execution of duties of Directors is effectively executed.

#### **[Supplementary Principle 4.11.1 Views on the Appropriate Balance among Knowledge, Experience, Etc. of the Board of Directors as a Whole, as Well as on Diversity and Appropriate Board Size]**

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

The Board of Directors considers the perspective of achieving both diversity in gender, nationality, career background, age, etc. and an appropriate size. Candidates for Inside Director are selected by comprehensively taking into account their personal character, insight, ethics, career background (extensive practical experience, knowledge, etc.), and capabilities (management capabilities that will contribute to achieving the sustainable growth of the Group and maximizing its corporate value over the medium to long term).

For Outside Director, comprising at least one-third of the overall Board of Directors, candidates who meet the decision criteria for the independence and have abundant experience and insight in corporate management and fields of specialization are selected. The Board of Directors is comprised of three female Directors, and structured to ensure diversity as a whole in terms of gender, internationality, professional experience, and age, as well as an appropriate size, while taking into consideration the entire business field.

With respect to Audit and Supervisory Committee Members, an Audit and Supervisory Committee Member (a certified public accountant) who have knowledge regarding finance and accounting and two Audit and Supervisory Committee Members (of which one is an attorney) who have knowledge regarding legal affairs have been elected.

A skill matrix showing the diversity of Directors is included in the Notice of Convocation of The 99th Ordinary General Meeting of Shareholders and the Class General Meeting of Common Shareholders. (Notice of Convocation of The 99th Ordinary General Meeting of Shareholders and the Class General Meeting of Common Shareholders) \* In Japanese only

<https://www.kyuden.co.jp/var/rev0/0421/6566/i5kjahf8.pdf>

**[Supplementary Principle 4.11.2 Concurrent Positions of Directors and Audit and Supervisory Committee Members]**

The concurrent positions held by the Company's Directors as officers at other listed companies (as of the filing date of this report) are as follows.

In order for all Directors to properly fulfill their roles and responsibilities, they are required, in principle, to attend at least 75% of the Board of Directors meetings, and when holding concurrent positions, the Company confirms that such positions do not interfere with the Company's management and business execution.

(Applicable Officers)

**Michiaki Uriu**

Outside Director, Audit and Supervisory Committee Member of The Nishi-Nippon City Bank, Ltd.

Outside Director of RKB MAINICHI HOLDINGS CORPORATION

**Yoshiharu Senda**

External Director of FUJI P.S CORPORATION

**Masaru Nishiyama**

External Director of Nippon Tungsten Co., Ltd.

**Sakie Tachibana Fukushima**

Outside Director of USHIO INC.

Outside Director of Aozora Bank, Ltd.

**Junji Tsuda**

Outside Director of TOTO LTD.

Outside Director of NSK Ltd.

**Tomoka Sugihara**

External Director, Audit and Supervisory Committee Member of Nippon Tungsten Co., Ltd

**[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]**

The Board of Directors of the Company has evaluated its own effectiveness since fiscal 2015.

In fiscal 2022, toward (1) "delegation of authority to executive officers to accelerate decision-making" and (2) "enhancement of discussions on management strategies and important issues for the entire Group," as suggested in opinions from the effectiveness evaluation of the previous fiscal year, the Board of Directors have:

- (1) reviewed the criteria for submission of proposals to the Board of Directors concerning investments and loans, etc., and delegated authority to executive officers, subject to monitoring by the Board of Directors; and
- (2) discussed at the "Roundtable Meeting of Directors," a forum for discussion by all Directors, a total of seven topics, including the direction of initiatives to enhance human capital, company-wide risks, and the use of ROIC, etc.

In addition, for the effectiveness evaluation, from the perspective of further improving assessment quality and enhancing objectivity, the following questionnaire items were revised in fiscal 2021 using an external organization, and were also implemented in fiscal 2022 based on these items:

[Questionnaire topics]

- (1) Composition and operation of the Board of Directors
- (2) Management strategies and business strategies
- (3) Corporate ethics and risk management



- (4) Monitoring business performance and evaluation/remuneration of management
- (5) Dialogue with shareholders, etc.

This questionnaire and opinions provided in the discussions with all Directors that it would be desirable for more effort to be put into further improving the following aspects:

- Further delegation of authority to executive officers to accelerate decision-making
- Further invigoration of discussions on management strategies and important issues for the entire Group, etc.

Going forward, the Board of Directors will strive to make improvements based on such opinions, and will keep up efforts to improve effectiveness of the Board of Directors.

In light of the recent severe business conditions and the recent inappropriate handling of customer information, etc. of other retail electricity providers, the Company will strive to restore trust by further enhancing monitoring of the executive departments in all aspects of management, including the implementation of measures to prevent recurrence of this incident.

#### **[Supplementary Principle 4.14.2 Training Policy for Directors and Audit and Supervisory Committee Members]**

The Company holds legal affairs seminars for newly appointed officers upon appointment of new Directors. Subsequent to new Directors having taken office, the Company provides them with ongoing training in dealing with the media as well as opportunities to take part in various seminars and other such forums outside of the Company, which serve as opportunities for them to fully understand roles and responsibilities required of Directors.

In addition to the aforementioned, the Company provides Outside Directors with explanations on the Company overall, business circumstances and other such matters as appropriate, and also conducts tours of important facilities.

#### **[Principle 5.1 Policy for Constructive Dialogue with Shareholders]**

In promoting constructive dialogue with its shareholders, the Company has prepared the “Approach to Information Disclosure” containing Company-wide guidelines established to promote information disclosure by each and every employee, and has also prepared IR basic policy encompassing Company-wide guidelines established to encourage IR activities that emphasize highly transparent information disclosure and interactive communications. The IR basic policy is disclosed on the Company’s website.

(IR basic policy)

[https://www.kyuden.co.jp/english\\_ir\\_policy-calendar.html](https://www.kyuden.co.jp/english_ir_policy-calendar.html)

#### **[Status of Implementation of Dialogue with Shareholders, etc.]**

Details of the Company’s policy for promoting constructive dialogue with shareholders and IR activities are disclosed in “2. IR Activities, III Implementation of Measures for Shareholders and Other Stakeholders” of this report, as well as in the Integrated Report and ESG Databook.

(Kyuden Group Integrated Report )

[https://www.kyuden.co.jp/english\\_ir\\_library\\_annual\\_index.html](https://www.kyuden.co.jp/english_ir_library_annual_index.html)

(Kyuden Group ESG Date Book)

[https://www.kyuden.co.jp/english\\_ir\\_library\\_index.html](https://www.kyuden.co.jp/english_ir_library_index.html)

#### **[Response to Action to Implement Management that is Conscious of Cost of Capital and Stock Price]**

As part of efforts to enhance corporate value, the Company introduced ROIC (return on invested capital) as a new management indicator in fiscal 2022, and in April 2023, the Kyuden Group established ROIC targets for fiscal 2025 and fiscal 2030 as specific targets to be achieved.

(press release)

[https://www.kyuden.co.jp/english\\_company\\_news\\_2023\\_h230428c-1.html](https://www.kyuden.co.jp/english_company_news_2023_h230428c-1.html)

Furthermore, the Company will work to improve corporate value over the medium to long term by promoting human capital management and other initiatives.

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd.(trust unit)	74,190,500	15.65
Custody Bank of Japan, Ltd. (trust unit)	27,338,315	5.77
Meiji Yasuda Life Insurance Company	20,594,200	4.34
Kyushu Electric Power Co., Inc. Employees' Shareholding Association	12,059,017	2.54
Nippon Life Insurance Company	11,810,748	2.49
The Bank of Fukuoka, Ltd.	8,669,723	1.83
Mizuho Bank, Ltd.	7,252,678	1.53
JP MORGAN CHASE BANK 385781	6,098,570	1.29
STATE STREET BANK WEST CLIENT - TREATY 505234	4,716,300	0.99
SSBTC CLIENT OMNIBUS ACCOUNT	4,060,273	0.86

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation
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## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market Fukuoka Stock Exchange
Fiscal Year-End	March
Type of Business	Electric Power & Gas
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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## 5. Other Special Circumstances which may have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	19
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson
Number of Directors	14
Number of Outside Directors	5
Number of Independent Officers	5

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Sakie Tachibana Fukushima	From another company												
Junji Tsuda	From another company												
Kazuko Fujita	CPA												
Yuji Oie	Scholar												
Tomoka Sugihara	Attorney												

\* Categories for "Relationship with the Company"

\* " " when the director presently falls or has recently fallen under the category;

" " when the director fell under the category in the past

\* " " when a close relative of the director presently falls or has recently fallen under the category;

" " when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Sakie Tachibana Fukushima		○	<p>President and Representative Director of G&amp;S Global Advisors Inc.</p> <p>Outside Director of USHIO INC.</p> <p>Outside Director of Aozora Bank, Ltd.</p>	<p>She has abundant experience gained through many years as a senior corporate manager in Japan and the United States, along with broad knowledge of global human resource management and corporate governance, and has a suitable personal character and insight for an Outside Director of the Company.</p>
Junji Tsuda		○	<p>Special Advisor of YASKAWA Electric Corporation</p> <p>Chairman, Board of Directors of the University of Kitakyushu</p> <p>Outside Director of TOTO LTD.</p> <p>Outside Director of NSK Ltd.</p> <p>Junji Tsuda serves as Special Advisor of YASKAWA Electric Corporation, which is a business partner of the Company. However, because transaction amounts in the most recent fiscal year account for significantly less than 1% of consolidated net sales of both the Company and YASKAWA Electric Corporation, the relationship does not affect his independence as an independent officer.</p>	<p>He has abundant experience gained through many years as a senior corporate manager in Japan and the United States, along with broad knowledge of marketing and manufacturing, and has a suitable personal character and insight for an Outside Director of the Company.</p>

Name	Membership of Audit and Supervisory Committee	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Kazuko Fujita	○	○	<p>Certified public accountant and Certified tax accountant (FUJITA ACCOUNTANT OFFICE)</p> <p>Kazuko Fujita previously belonged to the Company's Accounting Auditor Deloitte Touche Tohmatsu LLC, but resigned in September 2009 (employed from August 2007 until September 2009). The Company makes payment of auditor remuneration and other amounts to the audit firm, but because such payment during the most recent fiscal year accounts for significantly less than 1% of revenues of Deloitte Touche Tohmatsu LLC, the relationship does not affect her independence as an independent officer.</p>	<p>She has abundant experience as a certified public accountant and certified tax accountant, along with broad knowledge of launching venture companies, and has a suitable personal character and insight for an External Director of the Company.</p>
Yuji Oie	○	○		<p>He has abundant experience and superior insight such as leading advanced information networking technology in Japan as an expert on information network engineering. He also has experience being involved in human resource development and organizational operation as President of a university, and has a suitable personal character and insight for an External Director of the Company</p>
Tomoka Sugihara	○	○	<p>Attorney at law (Partner of Miura Okuda Sugihara Law Office)</p> <p>External Director, Audit and Supervisory Committee Member of Nippon Tungsten Co., Ltd.</p>	<p>She has abundant experience concerning legal affairs in general as an attorney at law and experience as an outside director, and has a suitable personal character and insight for an External Director of the Company.</p>

**[Audit and Supervisory Committee]**

Committee’s Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

Audit and Supervisory Officers who furnish support for duties of the Audit and Supervisory Committee as well as employees belonging to the Audit and Supervisory Committee Office, which serves as a specialist organizational body, perform their duties in alignment with instructions and orders of the Audit and Supervisory Committee. In addition, the Audit and Supervisory Committee engages in preliminary discussions as needed on matters regarding personnel affairs with respect to the Audit and Supervisory Officer and employees belonging to the Audit and Supervisory Committee Office.

Cooperation among Audit and Supervisory Committee, Accounting Auditors and Internal Audit Departments

The Audit and Supervisory Committee and Deloitte Touche Tohmatsu LLC, the Accounting Auditor, work to maintain close cooperation. This involves holding regular meetings, engaging in debriefings regarding audit plans, attending audits, engaging in debriefings on fiscal year-end audit results, receiving notifications on “Matters Related to the Performance of Duties of Financial Auditor(s),” and occasionally exchanging views. The Audit and Supervisory Committee and internal auditing body (Internal Audit Office and Nuclear Power Audit Office) work to improve and enhance audit functions through close cooperation on formulating audit plans and reporting audit results.

**[Voluntary Establishment of Nomination/Remuneration Committee]**

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee’s Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee’s Name	Personnel Advisory Committee	Remuneration Advisory Committee
All Committee Members	4	4
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

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Supplementary Explanation

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**[Personnel Advisory Committee]**

The Personnel Advisory Committee deliberates and resolves on selection, etc. of candidates for Director (including appointment of Senior Directors and Representative Directors) as well as Senior Executive Officers, and reports its findings to the Board of Directors. During fiscal 2022, the Committee held meetings two times, and all of the members attended the meetings.

The information on how the Committee engages in matters is provided in “iv) Policies and procedures implemented by the Board of Directors in the election/dismissal of senior management and the nomination of candidates for Director, [Principle 3.1 Full Disclosure], [Disclosure Based on the Principles of the Corporate Governance Code], 1. Basic Views, I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information” of this report.

**[Remuneration Advisory Committee]**

The Remuneration Advisory Committee deliberates and makes resolutions on the policy for determining the remuneration of Directors (excluding members of the Audit & Supervisory Committee), Senior Executive Officers and Executive Officers, and the amount of remuneration for each individual, and reports its findings to the Board of Directors.

During fiscal 2022, the Committee held meetings two times, and all of the members attended the meetings.

The information on how the Committee engages in matters is provided in “[Director Remuneration], 1. Organizational Composition and Operation, II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” of this report.

**[Independent Officers]**

Number of Independent Officers	5
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Matters relating to Independent Officers

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All eligible Outside Directors are designated as independent officers.

Electric power transactions with independent officers have not been presented because such transactions do not affect the independence of the independent officers given that such transactions constitute ordinary transactions carried out with general consumers and corporations.

Junji Tsuda serves as Special Advisor of YASKAWA Electric Corporation, which is a business partner of the Company. However, because transaction amounts in the most recent fiscal year account for significantly less than 1% of consolidated net sales of both the Company and YASKAWA Electric Corporation, the relationship does not affect his independence as an independent officer.

Kazuko Fujita previously belonged to the Company’s Accounting Auditor Deloitte Touche Tohmatsu LLC, but resigned in September 2009 (employed from August 2007 until September 2009). The Company makes payment of auditor remuneration and other amounts to the audit firm, but because such payment during the most recent fiscal year accounts for significantly less than 1% of revenues of Deloitte Touche Tohmatsu LLC, the relationship does not affect her independence as an independent officer.

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

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The information related to the implementation of various measures to grant incentives to Directors is provided in “[Director Remuneration], 1. Organizational Composition and Operation, II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” of this report.

Recipients of Stock Options	-
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Supplementary Explanation

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**[Director Remuneration]**

Disclosure of Individual Directors’ Remuneration	No Individual Disclosure
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Supplementary Explanation

Amount of remuneration, etc. for Directors for fiscal 2022

○ Basic remuneration [monetary remuneration / monthly remuneration]

Directors (excluding Audit and Supervisory Committee Members):

12 recipients ¥380 million

Directors (Audit and Supervisory Committee Members):

6 recipients ¥78 million

Total: 18 recipients (including 7 Outside Directors) ¥458 million (including ¥60 million for Outside Directors)

○ Performance-linked remuneration [monetary remuneration / bonus (short-term performance-linked remuneration)]

Directors (excluding Audit and Supervisory Committee Members):

9 recipients ¥0 million

Directors (Audit and Supervisory Committee Members):

– recipients ¥– million

Total: 9 recipients (including – Outside Directors) ¥0 million (including ¥– million for Outside Directors)

○ Performance-linked remuneration [non-monetary remuneration / share remuneration (medium- to long-term performance-linked remuneration)]

Directors (excluding Audit and Supervisory Committee Members):

9 recipients ¥61 million

Directors (Audit and Supervisory Committee Members):

– recipients ¥– million

Total: 9 recipients (including – Outside Directors) ¥61 million (including ¥– million for Outside Directors)



- (Notes) 1. The Company makes payment of performance-linked remuneration to its Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors). Given that the performance-linked remuneration serves as incentive for Directors to improve financial performance, it consists of “bonus (short-term performance-linked remuneration)” determined according to financial performance of each fiscal year, and “share remuneration (medium- to long-term performance-linked remuneration)” for the aim of motivating Directors to increase corporate value over the medium to long term. The Company sets performance-linked remuneration commensurate with professional duty requirements in a manner that makes the notion of responsibilities being linked to financial results clear. To such ends, the Company sets such amounts within ranges for the total amount and the maximum number of shares resolved at the General Meeting of Shareholders, based on performance indicators including a financial target for consolidated ordinary income set forth under the Management Vision, reduction in greenhouse gas emissions for going carbon neutral, and the status of dividends paid to shareholders. Payment of performance-linked remuneration may be withdrawn in case of an improper conduct or the like.
2. The Company provides share remuneration to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter in this note, such Directors are referred to as “DIRECTORS”) as non-monetary remuneration. The share remuneration is a performance-linked share remuneration whereby the Company’s shares are acquired through a trust using underlying monetary funds contributed by the Company (hereinafter referred to as the “Trust”) and, in accordance with the Stock Grant Regulations for Officers established by the Company, whereby the Company’s shares and the sum of money equivalent to the value calculated at the current market price (hereinafter referred to as “the Company’s Shares, Etc.”) are paid to DIRECTORS through the Trust. In principle, DIRECTORS will receive the Company’s Shares, Etc. at the time of their resignation as DIRECTORS.
3. It was resolved, at the 94th Ordinary General Meeting of Shareholders held on June 27, 2018, to set the limit on monetary remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) as ¥610 million or less annually for both monthly remuneration and bonus combined (including ¥40 million or less for Outside Directors for only monthly remuneration). There are 14 Directors (of which, 2 are Outside Directors; excluding Directors who are Audit and Supervisory Committee Members) as of the conclusion of the Ordinary General Meeting of Shareholders. In addition, at the 94th Ordinary General Meeting of Shareholders held on June 27, 2018, it was resolved to set the amount of non-monetary remuneration (share remuneration) at ¥390 million or less for three consecutive fiscal years, separately from the monetary remuneration (eligibility does not apply to Directors who are Audit and Supervisory Committee Members and Outside Directors). There are 12 Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) as of the conclusion of the Ordinary General Meeting of Shareholders.
- Furthermore, in light of the partial amendments to the Companies Act that came into effect on March 1, 2021, it was resolved, at the 97th Ordinary General Meeting of Shareholders held on June 25, 2021, to set the limit on the number of the Company’s common shares to be acquired using the aforementioned ¥390 million at 420,000 shares. There were nine Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) as of the conclusion of this Ordinary General Meeting of Shareholders.
- At the 94th Ordinary General Meeting of Shareholders held on June 27, 2018, it was resolved to set the amount of monetary remuneration for Directors who are Audit and Supervisory Committee Members at ¥130 million or less annually. There are five Directors who are Audit and Supervisory Committee Members as of the conclusion of the Ordinary General Meeting of Shareholders.

Total amounts of remuneration on a consolidated basis, etc. have not been individually disclosed because no single recipient was awarded remuneration amounting to ¥100 million or more.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

- (1) Matters related to determination policy pertaining content of remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members)
- (a) Method of determining the determination policy
- The Board of Directors makes decisions regarding determination policy pertaining content of remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company (hereinafter referred to as the “Determination Policy”). Such decisions by the Board of Directors are made based on deliberations of the Remuneration Advisory Committee, chaired by an Outside Director and the majority of whose members are Outside Directors. In addition, Audit and Supervisory Committee Members attend meetings of the Remuneration Advisory Committee where they confirm the appropriateness of the Committee’s discussions.
- (b) Details of the Determination Policy
- Details of the Determination Policy are as follows.
- i) Basic policy
- Remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) consists of basic remuneration and performance-linked remuneration. Remuneration for Outside Directors is limited to basic remuneration, without application of performance-linked remuneration in view of their duties. The Board of Directors decides remuneration amounts set within a range for the total amount and the maximum numbers of shares resolved at the General Meeting of Shareholders, upon having taken into account deliberations of the Remuneration Advisory Committee, chaired by an Outside Director and the majority of whose members are Outside Directors.
- In addition, Audit and Supervisory Committee Members attend meetings of the Remuneration Advisory Committee where they confirm the appropriateness of the Committee’s discussions.
- ii) Policy on determining the calculation method of basic remuneration
- The basic remuneration serves as monthly remuneration, the amounts of which are commensurate with professional duty requirements and within a range for the total amount resolved at the General Meeting of Shareholders, upon having taken into account such factors as the Company’s business environment, remuneration levels at other companies, principally listed companies, and remuneration levels of the Company’s employees.
- iii) Policy on determination of details of performance-linked remuneration and calculation method of remuneration amount
- Given that the performance-linked remuneration serves as incentive for Directors to improve financial performance, it consists of “bonus” determined according to financial performance of each fiscal year, and “share remuneration” for the aim of motivating Directors to increase corporate value over the medium to long term. The Company sets performance-linked remuneration commensurate with professional duty requirements and within ranges for the total amount and the maximum number of shares resolved at the General Meeting of Shareholders, based on performance indicators including a financial target for consolidated ordinary income set forth under the Management Vision, reduction in greenhouse gas emissions for going carbon neutral, and the status of dividends paid to shareholders. The bonus is paid at a certain time each year and share remuneration is paid upon resignation, in principle, but may not be paid depending on business performance. In addition, the Board of Directors makes decisions on performance indicators upon having taken into account deliberations of the Remuneration Advisory Committee in cases where performance indicators used in deciding performance-linked remuneration amounts become subject to review.

iv) Policy on determination of composition ratio of the amounts of basic remuneration and performance-linked remuneration

The Board of Directors makes decisions on the mix of remuneration components upon having taken into account deliberations of the Remuneration Advisory Committee regarding the proportional mix, which is configured such that those in higher positions receive a higher proportion of performance-linked remuneration. As a general rule, the mix of remuneration components is such that basic remuneration and performance-linked remuneration account for 70% and 30% of total remuneration for Directors on average, respectively, if performance indicator targets have been fully achieved.

v) Matters related to delegation of decisions on individual remuneration

The Board of Directors decides matters involving individual remuneration, upon having taken into account deliberations of the Remuneration Advisory Committee. However, by resolution of the Board of Directors, such decisions may be delegated to the Representative Director & Chairperson, who does not assume responsibility for business execution and serves as Chairman of the Board of Directors from the perspective of supervising business execution of the respective Directors (excluding Directors who are Audit and Supervisory Committee Members). In such cases, the Representative Director & Chairperson is to make such decisions upon having taken into account deliberations of the Remuneration Advisory Committee. In addition, the Remuneration Advisory Committee reports to the Board of Directors on matters involving appropriate execution of authority delegated by the Board of Directors, upon having confirmed such matters every fiscal year.

(c) Reasons that the Board of Directors has determined that remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) for the current fiscal year is in alignment with the Determination Policy

With respect to remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) in the current fiscal year, the Remuneration Advisory Committee has confirmed that methods for calculating the basic remuneration and performance-linked remuneration as well as actual remuneration amounts have been subject to appropriate management and decision-making in accordance with the Determination Policy. The findings thereof were reported to the Board of Directors at its meeting held on April 30, 2021.

The Board of Directors deems that actual remuneration aligns with the Determination Policy, and exhibits due respect for confirmation reporting of the Remuneration Advisory Committee.

(2) Matters related to delegating decisions on remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members)

For this fiscal year, Representative Director & Chairperson Michiaki Uriu made specific decisions regarding amounts of remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members). Such decisions were made pursuant to resolution of the Board of Directors, upon the Board of Directors having determined the most appropriate approach to be that of delegating such decisions to the Representative Director & Chairperson, who does not assume responsibility for business execution and serves as Chairman of the Board of Directors from the perspective of supervising business execution of the respective Directors (excluding Directors who are Audit and Supervisory Committee Members), taking the Determination Policy into account.

Such authority entails determining allocations of basic remuneration and performance-linked remuneration for respective Directors (excluding Directors who are Audit and Supervisory Committee Members).

To ensure that such authority has been properly exercised, the Representative Director & Chairperson determines remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members), upon having taken into account deliberations of the Remuneration Advisory Committee. In addition, the Remuneration Advisory Committee reports to the Board of Directors on matters involving appropriate execution of authority delegated by the Board of Directors, upon having confirmed such matters every fiscal year.

(3) Matters related to determination policy pertaining content of remuneration, etc. for individual Directors who are Audit and Supervisory Committee Members

(a) Method of determining the determination policy

The Audit and Supervisory Committee makes decisions regarding determination policy pertaining content of remuneration, etc. for individual Directors who are Audit and Supervisory Committee Members of the Company (hereinafter referred to as the “Determination Policy”) on the basis of discussions involving Directors who are Audit and Supervisory Committee Members.

(b) Details of the Determination Policy

Details of the Determination Policy are as follows.

Remuneration for individual Directors who are Audit and Supervisory Committee Members consists of monthly remuneration only, because it would be inappropriate to link their remuneration to business performance given the notion that such Directors assume the role of supervising and auditing management of the Company from a standpoint independent of business execution.

Remuneration amounts are decided on the basis of discussions involving Directors who are Audit and Supervisory Committee Members, and within a range for the total amount resolved at the General Meeting of Shareholders.

The remuneration is set at an amount appropriate to the individual’s duties to be performed, taking into account such factors as remuneration levels at other companies, principally listed companies, and remuneration levels of the Company’s employees. Such decisions are made upon having referred to content of deliberations regarding amounts of remuneration for individual Directors (excluding Directors who are Audit and Supervisory Committee Members), upon having taken into account factors such as the Company’s business environment, as discussed in a meeting of the Remuneration Advisory Committee, chaired by an Outside Director and the majority of whose members are Outside Directors.

#### [Supporting System for Outside Directors]

Outside Directors are assigned a secretary tasked with liaising and coordinating with respective divisions within the Company. Furthermore, for Outside Directors who are Audit and Supervisory Committee Members, the Audit and Supervisory Committee Office is tasked with liaising, coordinating and reporting with respect to necessary matters.

In addition, when meetings of the Board of Directors and Audit and Supervisory Committee are to be held, in principle, prior to such meetings Outside Directors receive materials and are provided with explanations as necessary from divisions in charge.

#### [Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Masayoshi Nuki	Honorary Advisor	Economic group activities Social contribution activities	Full-time paid	June 27,2018	Annual Contract
Michisada Kamata	Executive Advisor	Economic group activities Social contribution activities	Part-time paid	June 28,2007	Annual Contract
Shingo Matsuo	Executive Advisor	Economic group activities Social contribution activities	Part-time paid	March 31,2012	Annual Contract

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	3
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Others
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Basic matters regarding Honorary Advisors and Executive Advisors are stipulated in the Company's internal rules.

The Company appoints Honorary Advisors and Executive Advisors when engaging in external activities that are beneficial to the Company, such that include activities carried out on behalf of the company involving industry associations and economic organizations, activities that serve society as well as charitable activities and other such initiatives that involve committee membership, etc.

Honorary Advisors and Executive Advisors are not involved in management of the Company, in terms of individual matters of business execution, decision making or otherwise.

Decisions on matters involving election and remuneration of Honorary Advisors and Executive Advisors are made by the Board of Directors subsequent to deliberations having been undertaken by the Personnel Advisory Committee.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

In principle, the Board of Directors holds a meeting once a month or as otherwise necessary to decide on important corporate management matters and monitor implementation status. Members of the Board of Directors attend its meetings, unless not possible due to unavoidable circumstances (meetings held 23 times in fiscal 2022 with members attending 97.1% of such meetings on average).

The Company has five highly independent Outside Directors (including three Outside Directors who are Audit and Supervisory Committee Members) who account for at least one-third of its total number of Directors. They provide advice necessary to the Board of Directors drawing on their insight and experience, and also appropriately engage in matters involving nomination and remuneration of candidates for Director and provide advice on such matters.

[Names of the Members]

Chairperson : Michiaki Uriu ( Chairperson (Representative Director) of the Company )

Director : Kazuhiro Ikebe, Naoyuki Toyoshima, Noboru Hashimoto, Atsushi Soda,  
Yoshiharu Senda, Takashi Nakano, Masaru Nishiyama, Yasuaki Endo

Outside Director : Sakie Tachibana Fukushima, Junji Tsuda

Outside Audit and Supervisory Committee Member : Kazuko Fujita, Yuji Oie, Tomoka Sugihara

In principle, the Corporate Management Committee holds meetings once a week or as otherwise necessary for the purposes of discussing matters warranting preliminary discussion among matters to be decided by the Board of Directors and making important decisions on business execution (meetings held 34 times in fiscal 2022).

[Names of the Members]

Chairman : Kazuhiro Ikebe (President & Chief Executive Officer)

Vice-Presidential Executive Officer : Ichirou Fujii, Makoto Toyoma, Naoyuki Toyoshima

Senior Managing Executive Officer\* : Yasuji Akiyama, Junichi Fujimoto, Yoshifumi Kuriyama,  
Yoshiharu Senda, Akihiko Shinkai, Noboru Hashimoto,  
Kouichi Ninomiya, Michio Hayashida, Yoshirou Uchimura,  
Takashi Nakano, Hiroshi Imamura, Masaru Nishiyama

Executive Officer\* : Takehiro Ootsubo, Ryoutarou Yusu, Akinori Yoshida, Hideo  
Takafuji, Kouji Mine, Masakatsu Tanaka,  
Norihiro Nakamura, Kazutoshi Etou,

\* Ten of them will attend the meetings as needed according to the agenda.

In principle, the Audit and Supervisory Committee holds a meeting once a month or as otherwise necessary to debate on and make resolutions about reports on important matters relating to audits stipulated in laws and regulations and the Articles of Incorporation (meetings held 22 times in fiscal 2022).

In conducting audits, the Committee endeavors to effectively perform audits while considering the following basic points.

- Do practices comply with laws, regulations and the Articles of Incorporation?
- Is the internal control system properly maintained and operated?
- Does management make rational decisions and are risks promptly and appropriately addressed?

Furthermore, the Company provides a total of 12 persons to assist the duties of the Audit and Supervisory Committee. These persons are the Audit and Supervisory Officer and members of the Audit and Supervisory Committee Office, which was established as a specialist organizational body.

To ensure independence, preliminary discussions as needed are held with the Audit and Supervisory Committee on matters regarding personnel affairs with respect to the Audit and Supervisory Officer and employees belonging to the Audit and Supervisory Committee Office.

[Names of the Members]

Chairperson : Yasuaki Endo (Full-time Audit and Supervisory Committee Member)

Outside Audit and Supervisory Committee Members : Kazuko Fujita, Yuji Oie, Tomoka Sugihara

The Company performs internal audits largely to ensure greater appropriateness and managerial efficiency of business operations, and has accordingly established an internal auditing body (Internal Audit Office, 19 employees) that maintains impartiality with respect to business execution. The internal auditing body performs audits in respective divisions and business locations regarding matters that include compliance with laws and regulations, etc., quality assurance systems in place to monitor safety initiatives, and the status of business execution. Meanwhile, the Company has been striving to maintain and improve audit quality, which has involved having third-party organizations perform external evaluations in 2019.

In addition, as an effort to ensure the effectiveness of internal audits, a system (dual reporting) has been established to report directly to the Board of Directors and the Audit & Supervisory Committee the results of audits, etc., for the fiscal year.

The Company has also established an internal auditing body (Nuclear Power Audit Office, 10 employees) dedicated to nuclear energy with respect to the nuclear power business. It performs audits regarding matters that include quality assurance systems in place to monitor safety initiatives and the status of business execution, while also encouraging autonomous initiatives for improving safety.

The Company's accounting audits are carried out by certified public accountants Tsugio Ito, Ken Miyazaki, and Shinsuke Tanaka, of Deloitte Touche Tohmatsu LLC.

The Company's accounting audit was assisted by eight certified public accountants and another 22 personnel.

### **3. Reasons for Adoption of Current Corporate Governance System**

The operating environment surrounding the Company has been rapidly changing. The Company believes that strengthened governance and accelerated decision-making are essential if the Company is to respond to these changes more flexibly and dynamically. To that end, the Company has made transition to a company with Audit and Supervisory Committee.

In so doing, Company has been accelerating decision making by having the Board of Directors delegate authority to Directors, while also strengthening supervisory function of the Board of Directors by having Audit and Supervisory Committee Members hold voting rights on the Board of Directors.

More specifically, the Company has been improving the effectiveness of its audits by electing highly independent Outside Directors, strengthening the supervisory function with respect to management, and having the Audit and Supervisory Committee and the internal auditing body work together, underpinned by governance that has involved establishing a Board of Directors and Audit and Supervisory Committee. The Company has been persistently striving to enhance its system of governance by defining roles of Directors and Executive Officers in terms of supervision and execution, working to achieve exhaustive compliance management, and stipulating a basic policy on the formation of a system to ensure proper business operations (basic internal control policy).

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sends out notice of convocation of the General Meeting of Shareholders approximately three weeks prior to holding such meetings (notification was sent out on June 7, 2023 for the General Meeting of Shareholders held on June 28, 2023). In addition, the Company posts its notice of convocation of the General Meeting of Shareholders to its website and via the Timely Disclosure Network (TDnet) prior to sending out such notice (notice posted on May 24, 2023).
Scheduling AGMs Avoiding the Peak Day	The 99th Ordinary General Meeting of Shareholders and the Class General Meeting of Common Shareholders has been held on June 28, 2023.
Allowing Electronic Exercise of Voting Rights	The Company allows shareholders to use the voting website designated by the Company to exercise their voting rights.
Participation in Electronic Voting Platform	The Company has allowed institutional investors to use the Electronic Voting Platform operated by ICJ, Inc. to exercise their voting rights starting from 2007.
Providing Convocation Notice in English	The English version of the convening notice (brief version) and reference documents for the General Meeting of Shareholders is posted on the electronic voting platform.
Other	Notice of Convocation of the General Meeting of Shareholders, Notice of Resolution, outline of the meeting, etc. are posted on the Company's website. The Company posts extraordinary reports on results of the exercise of voting rights to EDINET and posts the same content to its website.

#### 2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company has prepared its "Approach to Information Disclosure" containing Company-wide guidelines established to promote information disclosure by each and every employee. With respect to its IR initiatives, the Company has also prepared IR basic policy encompassing Company-wide guidelines established to encourage IR activities that emphasize highly transparent information disclosure and interactive communications. The IR basic policy is disclosed on the Company's website.
Regular Investor Briefings for Individual Investors	Officers in charge of IR and the General Manager in charge of IR furnish explanations of the Company's operational status at online briefings held regularly. (The term "officers in charge of IR" refers to the President and officers nominated by the President.) <b>【Representative's explanation : Provided】</b>
Regular Investor Briefings for Analysts and Institutional Investors	Officers in charge of IR and the General Manager in charge of IR furnish explanations of the Company's operational status at briefings held subsequent to releases of interim financial results, annual financial results, and management policy, etc. Officers in charge of IR and the head of the IR Group occasionally hold meetings on an individual basis. <b>【Representative's explanation : Provided】</b>



Regular Investor Briefings for Overseas Investors	Officers in charge of IR and the General Manager in charge of IR regularly hold meetings with individual overseas institutional investors. 【Representative’s explanation : Provided】
Posting of IR Materials on Website	URL: <a href="https://www.kyuden.co.jp/english_ir_index.html">https://www.kyuden.co.jp/english_ir_index.html</a> The President’s message, management policy, information on financial and operating results, information on shares and corporate bonds, and various other IR materials are posted on the Company’s website. The Company also actively discloses information in English for overseas investors.
Establishment of Department and/or Manager in Charge of IR	The Company strives for in-house coordination and has accordingly established the IR Group within the Corporate Strategy Division and has appointed an executive to handle IR matters in divisions involved with IR such as financial, legal affairs and public relations divisions.
Other	<Communications activities tailored to the needs of shareholders and other investors> <ul style="list-style-type: none"> <li>• The Company actively engages in IR activities other than those involving briefing sessions, individual meetings, such that include small meetings, facility tours and business briefing.</li> <li>• The Company actively engages in communication efforts, such as ESG meetings in light of investor needs for carbon neutrality and other initiatives.</li> <li>• The Company also engages in two-way communication with its shareholders and other investors above and beyond its information disclosure, which involves accepting a wide range of inquiries and opinions related to IR via the “Contact us” page of its website.</li> <li>• Opinions and requests gained through IR activities serve as feedback that management applies to business operations.</li> <li>• The Company engages in stringent management with respect to insider information and accordingly establishes internal rules prohibiting its dissemination either to other officers and employees or to those outside the Company, unless otherwise necessary for business purposes.</li> </ul>

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company establishes basic views regarding its stakeholders in the “Kyuden Group’s Mission” (last revised in January 2018), the “Kyuden Group Sustainability Policy” (established in December 2021), and the “Kyuden Group Corporate Conduct Code” (last revised in April 2022).
Development of Policies on Information Provision to Stakeholders	In addition to the “Approach to Information Disclosure” (last revised in April 2020), the Company drew up the “Kyuden Group Sustainability Policy” (established in December 2021), the “Kyuden Group Corporate Conduct Code” (last revised in April 2022), and IR basic policy (established in July 2006). Those documents provide that the Company will actively disclose information and engage in responsible dialogue with stakeholders.

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

With respect to developing the system to ensure proper business operations, the Company has established basic policy on internal control systems consisting of seven items, such that include compliance of Directors and employees with laws and regulations, etc.

In fiscal 2022, at the meeting held on April 28, 2022, the Board of Directors resolved on the revisions associated with revising the “Kyuden Group CSR Charter” into the “Kyuden Group Corporate Conduct Code,” and at its meeting held on March 29, 2023 resolved on the revisions in light of the incident involving access to customer information, etc. of other retail electricity providers and the implementation of the revised Whistleblower Protection Act.

[A basic policy on the formation of a system to ensure proper business operations (basic internal control policy)]

The Company develops systems as follows with the aims of ensuring that its Directors abide by laws, regulations and the Articles of Incorporation with respect to execution of their duties, and furthermore ensuring that its corporate operations are performed appropriately in accordance with the Companies Act and the Regulation for Enforcement of the Companies Act.

#### 1 System for ensuring that Directors abide by laws and regulations, etc. in executing their duties

The Board of Directors holds meetings once a month or as otherwise necessary, in principle, for the purposes of deliberating on and deciding matters of managerial importance in alignment with predetermined rules. It also regularly obtains reports on execution of duties so that it can supervise Directors and Executive Officers in their execution of duties.

Members of the Board of Directors regularly evaluate the effectiveness of the decision making and supervisory function of the Board of Directors.

The Board of Directors receives advice, etc. from a standpoint independent of the Company, and has accordingly appointed Outside Directors who account for at least one-third of its total number of Directors in order to heighten effectiveness of its supervisory function.

In addition, the Company makes decisions regarding matters that include nomination of candidates for Director and remuneration at its meetings of the Board of Directors upon having taken into account deliberations of committees chaired by Outside Directors and the majority of whose members are Outside Directors.

The Board of Directors promotes fair business practices and has accordingly established the Compliance Committee chaired by the President & Chief Executive Officer and including external experts and others with the aim of fully complying with laws, regulations, corporate ethics, the Company’s internal rules, etc.

Directors and Executive Officers spearhead implementation of the “Kyuden Group Corporate Conduct Code” established to serve as norms for all business activities, along with implementation of the “Compliance Action Guidelines” which serve as code of conduct based on the aforementioned charter. In particular, in order to ensure the neutrality of the general transmission and distribution business operated by Kyushu Electric Power Transmission and Distribution Co., Inc., the Company will comply with the “Code of Conduct for Ensuring the Neutrality of General Power Transmission and Distribution Business” as well as develop organizational and business operation systems, etc.

Directors and Executive Officers take a resolute stance against improper demands made by antisocial forces and accordingly sever associations with such forces by coordinating with the relevant authorities and taking a unified organizational response.

The Board of Directors, Directors (excluding Directors who are Audit and Supervisory Committee Members), and Executive Officers exhibit due respect for any and all recommendations and advice furnished by the Audit and Supervisory Committee or Audit and Supervisory Committee Members particularly with respect to incidents that may be inappropriate in terms of legality or incidents that could significantly inflict damage on the Company.

2 System related to storage and management of information pertaining to Directors in their execution of duties

The Company properly stores and manages minutes of meetings of the Board of Directors and other such documents specified by laws and regulations, as well as documents otherwise important with respect to making decisions, upon having established points of administrative responsibility based on the Company’s internal rules.

The Company ensures security as necessary with respect to information pertaining to execution of duties, pursuant to basic policy and rules on information security.

3 System related to risk management

The Company defines major Company-wide and division-specific risks that could affect management, which involves regularly identifying, categorizing, and assessing such risks based on rules related to risk management.

Respective divisions and business locations appropriately manage risks in a manner that involves incorporating measures for addressing major defined risks and risks associated with specific matters into their business plans.

The Company appropriately takes action to address risks associated with multiple divisions and major risks liable to materialize by defining response structures upon having shared information among related divisions.

For nuclear energy in particular, the Company persistently mitigates such risk by striving to identify an extensive range of risk taking into account factors such as external knowledge and opinions, and sharing such information with Directors, Executive Officers and others.

The Company strives to swiftly and precisely address instances that may involve such risk having materialized, unforeseen emergencies, occurrences that impair public confidence, and events that otherwise substantially affect corporate management and society. To such ends, the Company takes preliminary action by establishing response structures and stipulating procedures within rules, and also performs training on a regular basis.

4 System for ensuring that Directors efficiently execute their duties

The Company has established the “Corporate Management Committee,” which serves as a forum for discussions on matters warranting preliminary discussion among matters to be decided by the Board of Directors, and for discussions on matters on implementation of important business affairs with respect to which the President & Chief Executive Officer supervises the Company’s business execution. In addition,

the Company establishes meeting structures, as necessary, for preliminary deliberation and coordination with respect to important matters.

The Company appoints Executive Officers when executing the Company's business for the purposes of accelerating decision making and ensuring efficient execution of duties.

The Board of Directors stipulates matters of delegation and assignment of business affairs to Executive Officers, and the Executive Officers accordingly undertake execution of such business affairs.

The "Organization and Authority Rules" stipulate matters involving segregation of duties of respective divisions, as well as fundamental roles, duties and authority assigned to respective positions, thereby helping to ensure that Directors, Executive Officers, and employees execute their duties appropriately and efficiently.

## 5 System for ensuring that employees abide by laws and regulations, etc. in executing their duties

### (1) System for ensuring compliance with laws and regulations, etc.

The Company appoints Compliance Officers to respective divisions, etc., in order to promote compliance with corporate ethics, laws and regulations, etc., in accordance with fundamental policies drawn up by the Compliance Committee, its recommendations and specific measures deliberated on by the Committee.

The Company ensures rigorous compliance by conducting education and training sessions for employees encompassing content that includes risk management associated with their use of information technology, and by furthermore striving to instill precepts of the "Kyuden Group Corporate Conduct Code", the "Compliance Action Guidelines" and "Code of Conduct for Ensuring Neutrality in the General Transmission and Distribution Business" and causing them to take hold.

The Company has set up contact points for whistleblowing and compliance consultation both within and outside the Company to ensure that its employees, those of Group companies and others are able to seek consultation regarding compliance. It furthermore safeguards those seeking consultation and otherwise appropriately manages such operations.

Establish a "Regulatory Compliance Desk" to receive consultations from employees of the Company and its Group companies regarding the neutrality of the general transmission and distribution business (conduct regulations), and ensure appropriate operations, including the protection of those making consultations. Also, in the course of business operations, if a case is discovered through the regulatory compliance desk, etc. that may violate conduct regulations, the Company will work to improve its business operations to ensure compliance with the conduct regulations.

The Company appropriately operates its internal controls that govern financial reporting and otherwise ensures that its financial reporting is reliable by establish systems to make corrections as necessary.

### (2) System of internal audit

The Company performs internal audits largely to ensure greater appropriateness and managerial efficiency of business operations, and has accordingly established an internal auditing body that maintains impartiality with respect to business execution. The internal auditing body performs audits in respective divisions and business locations regarding matters that include compliance with laws and regulations, etc., quality assurance systems in place to monitor safety initiatives, and the status of business execution.

The Company has also established an internal auditing body dedicated to nuclear energy with respect to the nuclear power business. It performs audits regarding matters that include quality assurance systems in place to monitor safety initiatives and the status of business execution thereof.

## 6 System for ensuring proper business operations of the Group

The Company promotes management on a Group-wide basis by sharing basic principles and management policy of the entire Group.

The Company deals with managerial challenges of the Group by having Group companies draw up business plans that incorporate measures to address risk, having Group companies furnish reports on operating results, and engaging in preliminary discussions with Group companies on matters that could significantly affect management of the Company.

The Company promotes fair business practices of the Group by conducting compliance education and other such initiatives on a Group-wide basis, disseminating and instilling precepts of the “Kyuden Group Corporate Conduct Code,” as well as encouraging respective Group companies engaging in initiatives that involve drawing up action guidelines and establishing points of contact for whistleblowing.

The Company closely coordinates sharing of information within the Group by establishing various meeting structures consisting of important Group companies and making use of a Group-specific information network.

The Company’s internal auditing body performs audits as necessary with respect to Group companies.

## 7 System for ensuring that the Audit and Supervisory Committee effectively executes its duties

### (1) System of staff members who assist the Audit and Supervisory Committee

The Company has appointed an Audit and Supervisory Officer who is responsible for assisting in the duties of the Audit and Supervisory Committee. The Company also assigns personnel as necessary to the Audit and Supervisory Committee Office, established as an organization dedicated to assisting in the duties of the Audit and Supervisory Committee.

### (2) System for ensuring independence of Audit and Supervisory Committee staff members

The Audit and Supervisory Officer and employees belonging to the Audit and Supervisory Committee Office (the “Audit and Supervisory Officer, etc.”) perform their duties in alignment with instructions and orders of the Audit and Supervisory Committee.

The Audit and Supervisory Committee engages in preliminary discussions on matters related to personnel affairs involving the Audit and Supervisory Officer, etc.

### (3) System related to reporting to the Audit and Supervisory Committee

Directors (excluding Directors who are Audit and Supervisory Committee Members), Executive Officers and employees are to respond to Audit and Supervisory Committee requests for reports and explanations on important matters of business execution.

Directors, Executive Officers, Audit and Supervisory Committee Members and employees of Group companies are to respond to requests from the Company’s Audit and Supervisory Committee for reports and explanations on important matters of business execution.

Directors and Executive Officers are to promptly report to the Audit and Supervisory Committee upon having discovered incidents that could significantly inflict damage on the Company.

Directors, Executive Officers and Audit and Supervisory Committee Members of Group companies are to promptly report to the Audit and Supervisory Committee upon having discovered incidents that could significantly inflict damage on the Company.

Directors are to take appropriate action to ensure that a party who has reported to the Audit and Supervisory Committee as previously mentioned does not become subject to unfavorable treatment as a consequence of such reporting.

(4) Other system for ensuring that the Audit and Supervisory Committee performs audits effectively

Directors (excluding Directors who are Audit and Supervisory Committee Members) satisfy requests from the Audit and Supervisory Committee asking them to attend Corporate Management Committee meetings and other important meetings. They furthermore lend their cooperation with respect to viewing important documents, and otherwise conducting necessary inspections of audit work and securing expenses.

The Representative Directors and internal audit divisions meet regularly with the Audit and Supervisory Committee and exchange views.

On July 13, 2021, the Japan Fair Trade Commission (JFTC) conducted on-site inspections of the Company and Kyuden Mirai Energy Corporation (Kyuden Mirai) on suspicion of violating the “Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act)” in connection with the supply of high voltage power and extra-high voltage power in the Kyushu and Kansai regions. On March 30, 2023, the Company received a cease and desist order and surcharge payment order under the Antimonopoly Act. Kyuden Mirai also received a cease and desist order.

The Company takes this order very seriously and will carefully examine and confirm the contents of the order and carefully consider future actions.

The Company will also further strengthen its efforts to comply with the Antimonopoly Act, which the Company is committed to.

In addition, it was discovered that the Company had accessed customer information, etc. of other retail electricity providers outside of the emergency disaster response services that the Company had been entrusted with through the use of a system owned by Kyushu Electric Power Transmission and Distribution Co., Inc. On April 17, 2023, the Company and Kyushu Electric Power Transmission and Distribution Co., Inc. received a business improvement order from the Ministry of Economy, Trade and Industry under the Electricity Business Act.

In addition, it was discovered that some employees of the Company and the consigned company had used the IDs and passwords granted by the Ministry of Economy, Trade and Industry to Kyushu Electric Power Transmission and Distribution Co., Inc., and on April 17, 2023, the Company and Kyushu Electric Power Transmission and Distribution Co., Inc. received guidance from the Ministry of Economy, Trade and Industry.

Based on the series of incidents, the Company analyzed the causes of the incidents and is working to prevent recurrence by developing information system measures to “stop” and “prevent” inappropriate conduct, as well as systems and mechanisms to “stop” and “not allow” such conduct, and to foster an organizational culture to prevent recurrence.

The Company takes the business improvement order and other such actions very seriously, once again recognizing that this series of incidents is inappropriate from the perspective of equal footing with other retail electricity providers in terms of conduct regulations and that it could disrupt fair competition, and the Company will steadily implement measures to prevent recurrence and work to restore confidence.

The Board of Directors confirmed the status of maintenance and operation of “systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of business operations” through self-evaluation by each department and audits by the Internal Audit Department.

In terms of promoting compliance, the Company has been striving to fully comply with corporate ethics, laws, regulations, the Company’s internal rules, etc. Initiatives in this regard have involved promoting fair business practices upon having established the Compliance Committee chaired by the President & Chief Executive Officer and including external experts and others, and promoting compliance with corporate ethics, laws and regulations, etc., in accordance with fundamental policies drawn up by the Compliance Committee, and its recommendations and specific measures deliberated on by the Committee, upon having appointed Compliance Officers to respective divisions, etc.

In addition, Directors and Executive Officers have been spearheading implementation of the “Kyuden Group Corporate Conduct Code” established to serve as norms for all business activities, along with implementation of the “Compliance Action Guidelines” which serve as code of conduct based on the aforementioned charter.

Moreover, the Company has been striving to instill knowledge and cause such knowledge to take hold with respect to conducting education and training sessions for employees encompassing content that includes risk management associated with their use of information technology.

The Company has also set up contact points for whistleblowing and compliance consultation both within and outside the Company to ensure that its employees, those of Group companies and others are able to seek consultation regarding compliance, and has furthermore been safeguarding those seeking consultation and otherwise appropriately managing such operations.

The Company has been further upgrading its initiatives involving overall CSR management including compliance promotion. This has involved appointing an officer in charge of CSR and establishing the CSR Promotion Committee consisting of management executives.

The Company has been striving to ensure reliability of financial reporting by appropriately operating its internal controls that govern financial reporting, establishing systems to make corrections as necessary, and establishing the Financial Reporting Disclosure Committee, chaired by President & Chief Executive Officer and consisting of management executives.

With respect to information management, the Company has been properly storing and managing minutes of meetings of the Board of Directors and other such documents specified by laws and regulations, as well as documents otherwise important with respect to making decisions, upon having established points of administrative responsibility based on the Company's internal rules. The Company has been ensuring security as necessary with respect to information pertaining to execution of duties, pursuant to basic policy and rules on information security.

With respect to risk management, the Company has been defining major Company-wide and division-specific risks that could affect management, which involves regularly identifying, categorizing, and assessing such risks based on rules related to risk management.

Respective divisions and business locations have been appropriately managing risks in a manner that involves incorporating measures for addressing major defined risks and risks associated with specific matters into their business plans.

The Company has been appropriately taking action to address risks associated with multiple divisions and major risks liable to materialize by defining response structures upon having shared information among related divisions.

For nuclear energy in particular, the Company has been persistently mitigating such risk by striving to identify an extensive range of risk taking into account factors such as external knowledge and opinions, and sharing such information with Directors, Executive Officers and others.

The Company has been striving to swiftly and precisely address instances that may involve such risk having materialized, unforeseen emergencies, occurrences that impair public confidence, and events that otherwise substantially affect corporate management and society. To such ends, the Company has been taking preliminary action by establishing response structures and stipulating procedures within rules, and also performing training on a regular basis.

With respect to ensuring appropriate business operations of the Group, the Company has been promoting management on a Group-wide basis by sharing basic principles and management policy of the entire Group. In addition, the Company has been dealing with managerial challenges of the Group by having Group companies draw up business plans that incorporate measures to address risk, having Group companies furnish reports on operating results, and engaging in preliminary discussions with Group companies on matters that could significantly affect management of the Company.

The Company has been promoting fair business practices of the Group by conducting compliance education and other such initiatives on a Group-wide basis, disseminating and instilling precepts of the "Kyuden Group Corporate Conduct Code" as well as encouraging respective Group companies engaging in initiatives that involve drawing up action guidelines and establishing points of contact for whistleblowing.

In addition, the Company has been closely coordinating sharing of information within the Group by establishing the Kyushu Electric Power Group Presidents Committee and various other meeting structures consisting of important Group companies, while also making use of a Group-specific information network.

The Company's internal auditing body has been furthermore auditing Group companies.

## 2. Basic Views on Eliminating Anti-Social Forces

The Company has been taking a resolute stance against improper demands made by antisocial forces and accordingly severing associations with such forces by coordinating with the relevant authorities and taking a unified organizational response.

The Company has been taking a resolute stance against improper demands made by antisocial forces that pose a threat to the order and safety of civil society. The Company has accordingly established a division that provides oversight on matters related to takeover defense (manager in charge of general affairs of the District Symbiosis Division, Business Solution Headquarters) and has been severing associations with such forces by coordinating with legal advisors and others and enlisting efforts of the entire organization.

The Company has also stipulated that it will resolutely oppose antisocial forces in the “Kyuden Group Corporate Conduct Code” and the “Compliance Action Guidelines.” In addition, the Company has been striving to gather information in part through its enrollment in the National Center for Removal of Criminal Organizations.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

### 2. Other Matters Concerning to Corporate Governance System

The status of internal systems pertaining to timely disclosure of the Company’s corporate information is as follows.

With respect to business execution pertaining to disclosure of corporate information, the Company has established a system for appropriately disclosing information in accordance with securities listing regulations and the Company’s internal rules (“Rules on Insider Trading Control and Timely Disclosure of Corporate Information”).

(Information Handling Officer)

Serving as the Information Handling Officer set forth under securities listing regulations, the General Manager of the District Symbiosis Division, Business Solution Headquarters (in charge of legal affairs) acts as the point of contact with stock exchanges and furthermore engages in in-house supervisory operations pertaining to timely disclosure.

(Information management)

Respective General Managers in charge of business management are appointed and assigned to serve as Information Managing Officers to ensure that corporate information is appropriately managed. When an Information Managing Officer identifies corporate information warranting timely disclosure, he or she is to promptly report the situation to the Information Handling Officer. All timely disclosure information is to be collected by the General Manager of the District Symbiosis Division, Business Solution Headquarters (in charge of legal affairs), who serves as Information Handling Officer.

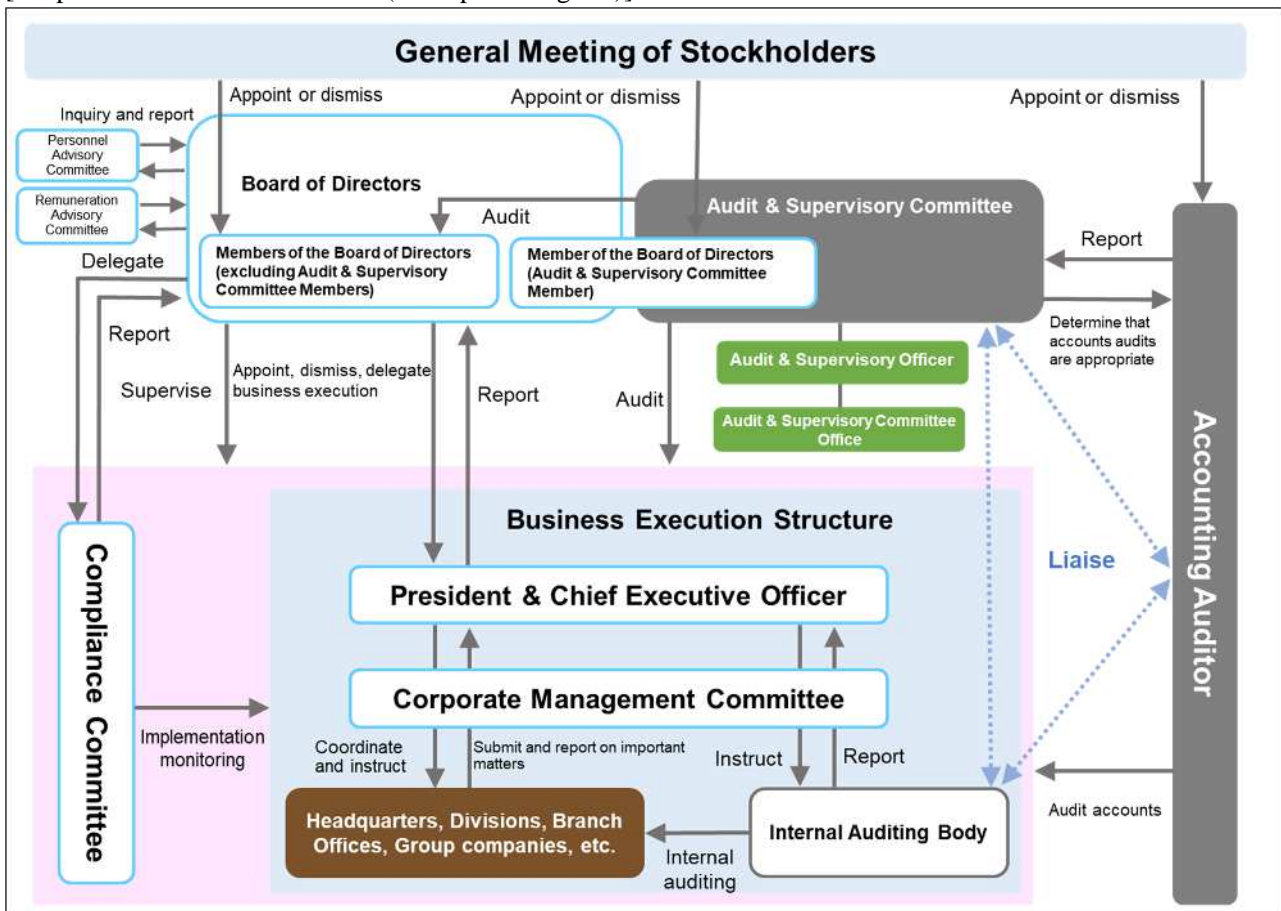
(Disclosure of information subject to timely disclosure)

Upon taking receipt of a report of corporate information from an Information Managing Officer, the Information Handling Officer is to determine whether or not such information is subject to timely disclosure. If the information warrants timely disclosure, the Information Handling Officer is to promptly disclose it to stock exchanges.

The Internal Audit Office serves as an internal auditing body that checks the status of execution previously mentioned and strives to appropriately perform the information disclosure.



[Corporate Governance Structure (conceptual diagram)]



[System for Disclosure of Corporate Information]

