

November 7, 2023  
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The following is information on the status of corporate governance at Kyushu Railway Company (hereinafter, “the Company”).

## **I. Basic Corporate Governance Policies and Basic Information on Capital Structure and Corporate Attributes**

### **1. Basic Approach**

- (1) The JR Kyushu Group is involved in a variety of businesses based on safety and service born of its own strengths. At its base of operations in Kyushu, the Group continues to take on the challenge of creating an invigorated Japan and greater Asia in a tireless and enthusiastic manner.
- (2) In order to realize such a Japan and greater Asia, the Company aims to be a corporation in which customers, local community members, business partners, employees and their families, and shareholders can have lasting trust. To this end, the Company is establishing and improving frameworks and systems for decisive and prompt decision making as well as appropriate disclosure of information, while guaranteeing transparency and fairness in management. The Company is also further enhancing its efforts in corporate governance to realize continuous growth and long-term improvement in corporate value. Furthermore, the Company has established the Kyushu Railway Company Basic Corporate Governance Policy to serve as a basic approach and application guideline for its corporate governance.

## **Reasons for Not Implementing Each Principle of Japan’s Corporate Governance Code**

### **Principle 1-4: Cross-Shareholdings**

(Basic approach to cross-shareholdings)

Given its long-term vision of taking on challenges involving new mobility services (MaaS), the Company believes that the notion of achieving sustainable growth of the Group, beginning with the railway business, requires partner companies with which it is possible to maintain cooperative relationships over the long run without being susceptible to factors such as short-term economic developments. Based on this approach, in cases where it is judged that they contribute to increases in corporate value over the medium to long term from such perspectives as ongoing business operations, or the expansion of earnings through the strengthening of business alliances and relationships, the Company engages in cross-shareholdings, but works to reduce cross-shareholdings for which the rationale for holding is no longer sufficient.

(Assessing the suitability of cross-shareholdings)

On an annual basis, the Board of Directors assesses whether or not to hold individual cross-shareholdings, thereby examining factors such as whether the purpose of maintaining the holdings is appropriate in terms of achieving the long-term vision, and also whether gains associated with the holdings cover the Company’s cost of capital, or otherwise whether there are prospects for future improvement. As a result, transferee selection and specific consultation, etc. to prepare for sale will take place with regards to unnecessary cross-held shares.

Furthermore, in FY2022, at a meeting held in September 2022, the Board of Directors conducted assessments of whether to hold individual cross-shareholdings based on the above policy and determined to engage in initiatives to reduce those for which the

rationale for continued holding is no longer sufficient.

(Exercising voting rights)

With respect to exercising voting rights of its cross-shareholdings, the Company casts opposing votes when there are concerns regarding corporate governance, and otherwise exercises its voting rights upon giving consideration as to whether or not a proposal will contribute to enabling growth of the entity concerned, improving its corporate value, or otherwise.

(Sales of the Company shares)

Where a partner company holding the Company's shares as cross-shareholdings expresses a desire to sell those shares, the Company will not allow preventing the sale of those shares, such as by implying that it will reduce trading with the partner company.

## **Disclosure Based on Each Principle of Japan's Corporate Governance Code**

### **Principle 1-7: Transactions between Related Parties**

In the event a transaction occurs, or the potential of a transaction may occur, between the Company and its officers or key shareholders (shareholders who own more than 10% of total voting rights), the transaction is closely monitored through procedures that involve the prior approval of the Board of Directors to ensure that the common interests and rights of the Company and its shareholders are not jeopardized. Furthermore, the Company conducts surveys of the directors every year in regard to the occurrence of transactions with related parties in an effort to manage and monitor such transactions.

### **Supplementary Principle 2-4 (1)**

The JR Kyushu Group recognizes that in order to continue to grow and evolve in the future, it is important to create a company where each and every employee with diverse values can feel fulfilled in their work, maximize their abilities, and grow. The Company will promote business operations that make the most of the diversity of its employees through measures and initiatives based on one of the pillars of its personnel strategy: "Allow for employees with diverse values and capabilities to create new value."

Furthermore, with regard to the appointment of female managers, the Company will work to improve the retention ratio of female employees and carry out appointments at the same rate as the percentage of female employees.

As of April 1, 2023, the percentage of female managers is 6.4%, while the percentage of female employees is 16.3%.

With regard to mid-career recruitment, the Company mainly conducts recruitment for management departments throughout the Company as well as the business development department, and 13 employees are currently in managerial positions. Furthermore, concerning recruitment of foreign employees, the Company conducts recruitment of new hires and mid-career recruitment, appoints employees to employees in management, and one employee is currently in managerial position.

The Company continuously carries out appointment of foreign employees and mid-career employees to managerial positions.

The details of the Human Resources Development Policy and the Internal Environment Development Policy are disclosed in the Integrated Report.

### **Principle 2-6: Roles of Corporate Pension Funds as Asset Owners**

Not applicable because the Company has not adopted a corporate pension fund plan.

### **Principle 3-1: Enhancement of Information Disclosure**

- (i) The Company's management philosophy and other important items have been determined in the JR Kyushu Group Medium-Term Business Plan 2022-2024 and disclosed on the Company's corporate website.
- (ii) The Company's basic approach to corporate governance is as stated in Part I.1. of this report, entitled "Basic Approach."
- (iii) This is how remuneration for Directors is determined. Basic remuneration, at the fixed amount, is determined at a level commensurate with their role and responsibilities, and remuneration linked to business performance (monetary remuneration and stock compensation) has a structure that takes into account Directors' motivation for improving business performance and corporate value. The details are as listed under "Director Compensation" in the "Policy for Determining Compensation Level and Calculation Methods" section of Part II.1. "Items Related to Institutional Organization, Organizational Management, Etc." of this report.
- (iv) When nominating directors, considering factors such as reports made by the Nomination and Compensation Advisory Committee, the Board of Directors decides on candidates based on a selection standard determined by the Board of Directors, such that values a high level of ethics, personality, character and management ability. The Board of Directors makes a proposal to a General Meeting of Shareholders regarding the dismissal of a director, after considering factors such as reports made by the Nomination and Compensation Advisory Committee, and deliberating on the matter, if such director ceases to satisfy the aforementioned selection standard, or if corporate value has become significantly impaired as a result of such director having exercised negligence with respect to his or her professional duties, or if circumstances are such that would constitute grounds for disqualification otherwise. Approval of the Audit and Supervisory Committee is to be obtained prior to nominating a candidate for director who is an Audit and Supervisory Committee member.  
Furthermore, the nomination of a president is decided at a meeting of the Board of Directors based on the "President Succession Plan" and the report of the Nomination and Compensation Advisory Committee. The "President Succession Plan" is decided at a meeting of the Board of Directors after considering factors such as the deliberation of the Nomination and Compensation Advisory Committee. At the time of nomination, the nominee is selected from a pool of candidate personnel based on selection standards that value a high level of ethics, personality, character and management ability, as well as from the viewpoint of improving the Company's corporate value, including ability to promote the Long-Term Vision for 2030.
- (v) When appointing, dismissing or nominating a director, the Company explains the individual reasons for such appointment, dismissal or nomination.

### **Supplementary Principle 3-1 (3)**

The Group presents its Value Creation Story as "The Path to Achieving What We Aim To Be" in the Integrated Report, carries out business management based on management resources, such as human capital, and management strategies for the Value Creation Process, and discloses the relation between the value and impacts created as a result.

Furthermore, as the Company expressed its support for the TCFD recommendations in February 2021, it has been analyzing the impacts that can contribute to the Company's business activities, profits, etc. by analyzing climate risk and opportunity scenarios in line with TCFD recommendations, and carrying out information disclosure in line with this framework. Going forward, the Company has expressed its aim to further promote climate change response and reduce CO<sub>2</sub> emissions to virtually zero in 2050 in order to contribute to the Group's growth and a sustainable society.

### **Supplementary Principle 4-1 (1)**

By taking decisions related to management at the Board of Directors, and decisions related to business execution at the Executive Committee, the Company seeks to strengthen the supervisory function and speed up decision making through the

separation of the roles of management and business execution.

The Board of Directors decides on important items such as those stipulated by laws and regulations and the Articles of Incorporation, including the Regulations of the Board of Directors. Decision making on other items related to business execution is conducted by the Executive Committee. Furthermore, in accordance with the Guidelines on Administrative Authorities, authority related to day-to-day business execution is given to the relevant corporate officers as well as the heads of each department.

**Principle 4-9: Independence Evaluation Criteria and Qualifications for Independent Outside Directors**

The independence evaluation criteria and the qualifications for independent outside directors are listed under “Other Items Related to Independent Officers” in the “Independent Officers” section of Part II.1. of this report, entitled “Items Related to Institutional Organization, Organizational Management, Etc.”

**Supplementary Principle 4-10 (1)**

When nominating directors, considering factors such as reports made by the Nomination and Compensation Advisory Committee, the Board of Directors decides on candidates based on a selection standard determined by the Board of Directors, such that values a high level of ethics, personality, character and management ability.

When determining remuneration, reports are made by the Nomination and Compensation Advisory Committee, composed of five independent Outside Directors and one Inside Director, and chaired by an independent Outside Director, with the president delegated by the Board of Directors then determining remuneration within the total value limits imposed by the resolution of the General Meeting of Shareholders. The reason for delegating authority is because the president is deemed the most suitable for evaluating each director while taking a broad overview of the Company’s business performance as a whole.

**Supplementary Principle 4-11 (1)**

The Company’s Board of Directors appoints a diverse range of director candidates with varying expertise and experience, while considering the notion of striking a balance in the Board of Directors overall, and accordingly aims to develop an optimal workforce capable of effectively and efficiently carrying out such functions. Currently, it comprises inside directors who are well versed in the activities of each business division as well as a number of outside directors who offer advice based on their wide range of expertise and, from an independent standpoint, provide monitoring and supervisory functions in a highly effective manner.

**Supplementary Principle 4-11 (2)**

The Company limits the number of companies at which directors serve concurrent roles to the extent reasonable. In addition, the Company discloses important information on those serving concurrent roles in its Business Report. Also, the details are as listed under “Relationship with the Company (2)” in the “Directors” section of Part II.1. “Items Related to Institutional Organization, Organizational Management, Etc.” of this report.

**Supplementary Principle 4-11 (3)**

Disclosures based on this item are included in “Overview of the Results of Evaluation of the Effectiveness of the Board of Directors and Future Initiatives” in the latter half of this report.

**Supplementary Principle 4-14 (2)**

The Company implements training for all of its directors related to the Companies Act and other laws. This training is provided by attorneys and other outside specialists. Additionally, we provide business briefings and on-site tours for outside directors, carrying out initiatives that contribute to increasing their understanding of the Company’s business.

### **Principle 5-1: Policy for Constructive Dialogue with Shareholders**

The Company treats dialogue with shareholders with the utmost seriousness. Opinions obtained in this way are shared as appropriate with the Board of Directors, and are thus used for the purpose of achieving sustainable growth and increases in corporate value over the medium to long term.

The departments responsible for engaging in shareholder dialogue are the Strategy Management Department of the Corporate Planning Headquarters and the Administration Department. The Chief Financial Officer provides supervision for this dialogue. In addition, these departments provide reports to the Board of Directors, etc., and share opinions with related departments, so as to share the content of dialogue with shareholders in an appropriate manner.

The Company decides on the individual members who will engage in shareholder dialogue based on shareholder requests. As a general rule, directors will also be present during these dialogues.

In regard to the methods in which the Company uses to engage in dialogue with its shareholders, the Company holds financial results presentations and discloses the contents of these presentations on its corporate websites. In addition, the Company carries out other methods for dialogue, such as private meetings.

When engaging in dialogue with its shareholders, the Company makes concerted efforts to prevent insider transactions in accordance with internal regulations related to information management and appropriate disclosure.

#### **Activities, etc. related to dialogue with shareholders**

Details on activities, etc. related to dialogue with shareholders are described in “2. Status of IR Activities” of this report and in the Integrated Report posted on the Company’s website. ([http://www.jrkyushu.co.jp/company/ir\\_eng/](http://www.jrkyushu.co.jp/company/ir_eng/))

#### **Action to implement management that is conscious of cost of capital and share price [Available in English]**

The Company established and announced the “Long-Term Vision for 2030” and the “JR Kyushu Group Medium-Term Business Plan 2022-2024” as its medium- to long-term business plans.

(JR Kyushu Group Medium-Term Business Plan 2022-2024:

[https://www.jrkyushu.co.jp/company/ir\\_eng/policy/plan/](https://www.jrkyushu.co.jp/company/ir_eng/policy/plan/))

In the JR Kyushu Group Medium-Term Business Plan, the Company uses operating revenue, operating income and EBITDA as the numerical targets for FY2024, the final year of the plan, and as a benchmark target, it states it aims to achieve ROE, the indicator for capital efficiency, of 8% or higher.

The Company believes that by committing itself to realizing the Long-Term Vision, including the numerical targets of the Medium-Term Business Plan, while continuing to promote a management that is conscious of cost of capital, through revising the business portfolio in a timely and appropriate fashion, and engaging in constructive dialogue with the capital market, the Company will in turn achieve sustainable growth and improvement of corporate value over the medium and long term.

The Company reports its numerical targets and its status of progress and specific initiatives, etc. aimed at achieving those numerical targets at financial results presentations and other such sessions.

(Financial Results Presentations:

[https://www.jrkyushu.co.jp/company/ir\\_eng/library/earnings/](https://www.jrkyushu.co.jp/company/ir_eng/library/earnings/))

## **2. Capital Structure**

Ratio of foreign investors	More than 10% less than 20%
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## Major Shareholders

Name	Number of shares held (shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,789,700	14.49
Custody Bank of Japan, Ltd. (Trust Account)	10,831,800	6.89
RAILWAY HOLDINGS, L.L.C.	7,162,200	4.55
TAIYO LIFE INSURANCE COMPANY	3,200,000	2.03
Nippon Life Insurance Company	3,128,000	1.99
Meiji Yasuda Life Insurance Company	2,296,000	1.46
Central Japan Railway Company	2,077,900	1.32
East Japan Railway Company	1,974,100	1.25
West Japan Railway Company	1,972,100	1.25
JR Kyushu Employee Shareholders Association	1,877,757	1.19

Controlling shareholder (except for Parent company)	—
Parent company	None

## Supplementary Information

Major shareholders are as listed in the current register of shareholders as of March 31, 2023.

## 3. Company Attributes

Listed stock market and market section	Tokyo Stock Exchange, Prime Market; Fukuoka: existing market
Fiscal year-end	March
Industry classification	Road & Rail Transportation
Number of employees (consolidated) as of the end of the most recent fiscal year	Over 1,000
Operating revenues (consolidated) as of the end of the most recent fiscal year	¥100 billion–¥1 trillion
Number of subsidiaries (consolidated) as of the end of the most recent fiscal year	More than 10 but less than 50

## 4. Index of Policies for the Protection of Minority Shareholders Related to Transactions with Controlling Shareholders

N/A

## 5. Other Special Circumstances That Significantly Affect Corporate Governance

N/A

## II. The Status of Business Management Systems for Managerial Decision Making, Execution, and Supervision, and Other Corporate Governance Systems

### 1. Items Related to Institutional Organization, Organizational Management, Etc.

Organizational structure	Company with audit and supervisory committee
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#### Directors

Statutory number of directors	17
Statutory term of office for directors	1 year
Chair of Board of Directors	Chairman
Number of directors	15
Appointment status of outside directors	Appointed
Number of outside directors	8
Number of independent outside directors	8

#### Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Toshihide Ichikawa	Former member of another company													
Kuniko Muramatsu	Former member of another company													
Hitomi Yamamoto	Former member of another company								△					
Takashi Tanaka	Former member of another company													
Hiroshi Ogasawara	Former member of another company								○					
Koji Otabe	Other													
Yasunori Eto	Attorney													
Hiromi Fujita	Tax Accountant													

\* Categories for “Relationship with the Company”

\* “○” indicates that the director currently falls under the category, or did so recently, and “△” indicates that the director fell under the category in the past.

\* “●” indicates that a close relation falls under the category, or did so recently, and “▲” indicates that a close relation fell under the category in the past.

a. Executive of a listed company or a subsidiary thereof

b. Executive or non-managing director of the parent of a listed company

c. Executive of a fellow subsidiary of a listed company

d. Party or company executive who establishes a listed company as its primary client

e. Principal client of a listed company or an executing person thereof

f. Consultant, accountant, or legal expert receiving considerable cash and other assets other than directors’ compensation from a listed company

g. Principal shareholder of a listed company (where said principal shareholder is a corporation, an executive of said corporation)

h. Executive (directors themselves only) of a listed client company (where d, e, and f do not apply)

i. Executive (directors themselves only) of a company that has a relationship involving

- cross-assumption of office of outside directors
- j. Executive (directors themselves only) who receives contributions from a listed company
- k. Other



## Relationship with the Company (2)

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
Toshihide Ichikawa		Yes	(Important information on concurrent post(s))	Mr. Ichikawa was appointed in anticipation that he will perform the functions of supervision and monitoring of the Company's management based on his perspective largely underpinned by his experience and knowledge as an expert in real estate and management gained throughout his career history, having long been involved in the management of Mitsui Fudosan Co., Ltd. and Mitsui Home Co., Ltd. In addition, it has been determined that Mr. Ichikawa is sufficiently independent of the Company due to the fact that he fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. His appointment also reflects the Company's belief that he will supervise its management from an independent perspective.

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
Kuniko Muramatsu		Yes	(Important information on concurrent post(s)) Representative Director, Wellness Systems Institute Outside Director, YOKOWO CO., LTD. Outside Director, ROHM Co., Ltd.	Given that the Company aims to strengthen its ESG management, Ms. Muramatsu was appointed in anticipation that she will perform the functions of supervision and monitoring of the Company's management from an independent perspective leveraging her substantial insight and knowledge regarding the promotion of corporate ethics, CSR, sustainability, and diversity, gained through her practical experience and career history at operating companies. In addition, it has been determined that Ms. Muramatsu is sufficiently independent of the Company due to the fact that she fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. Her appointment also reflects the Company's belief that she will supervise its management from an independent perspective.

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
Hitomi Yamamoto		Yes	<p>(Important information on concurrent post(s))  Director and Vice President, ANA Strategic Research Institute Co., Ltd.  Outside Audit and Supervisory Board Member, West Nippon Expressway Company Limited</p> <p>Although the Company has a business relationship with ALL NIPPON AIRWAYS CO., LTD. including payment of travel fares, the monetary value of such transactions are within the scope of the independence criteria set by the Company.  In addition, although the Company has a business relationship with West Nippon Expressway Company Limited including contracting of construction work, the monetary value of such transactions are within the scope of the independence criteria set by the Company.</p>	<p>Ms. Yamamoto was appointed in anticipation that she will perform the functions of supervision and monitoring of the Company's management and perform a checking function over it based on her perspective informed by her in-depth insight and knowledge relating to services, safety, diversity, crisis management and human resources strategies that she has accumulated throughout her career after joining ALL NIPPON AIRWAYS CO., LTD. In addition, it has been determined that Ms. Yamamoto is sufficiently independent of the Company due to the fact that she fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. Her appointment also reflects the Company's belief that she will supervise its management from an independent perspective.</p>

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
Takashi Tanaka		Yes	(Important information on concurrent post(s)) Representative Director and Chairman, TOYO TECH CO., LTD. Director and Chairman, Toyo Tec Building Service Co., Ltd.	Mr. Tanaka was appointed in anticipation that he will perform the functions of supervision and monitoring of the Company's management and perform a checking function over it based on his perspective informed by his experience and knowledge as an expert in safety, finance, IT/DX and management, which he has accumulated throughout his career in management at Resona Trust & Banking Co., Ltd. (current Resona Bank, Limited) and TOYO TECH CO., LTD. In addition, it has been determined that Mr. Tanaka is sufficiently independent of the Company due to the fact that he fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. His appointment also reflects the Company's belief that he will supervise its management from an independent perspective.

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
Hiroshi Ogasawara		Yes	<p>(Important information on concurrent post(s))  Representative Director and Chairman of the Board, YASKAWA Electric Corporation Chair, Fukuoka Association of Corporate Executives</p> <p>Although the Company has a business relationship with YASKAWA Electric Corporation including real estate lease, the monetary value of such transactions are within the scope of the independence criteria set by the Company.</p>	<p>Mr. Ogasawara was appointed in anticipation that he will perform the functions of supervision and monitoring of the Company's management and perform a checking function over it based on his perspective informed by his experience and knowledge as an expert in IT/DX, human resources strategies and management, which he has accumulated throughout his career after joining YASKAWA Electric Manufacturing Co., Ltd. (current YASKAWA Electric Corporation). In addition, it has been determined that Mr. Ogasawara is sufficiently independent of the Company due to the fact that he fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. His appointment also reflects the Company's belief that he will supervise its management from an independent perspective.</p>

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
Koji Otabe	Yes	Yes	-	<p>Mr. Otabe was appointed in anticipation that he will leverage his wealth of experience and broad insight gained through long-time engagement in police administration to supervise the Company's management and perform a checking from an independent standpoint. In addition, it has been determined that Mr. Otabe is sufficiently independent of the Company due to the fact that he fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. His appointment also reflects the Company's belief that he will supervise its management from an independent perspective.</p>

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
Yasunori Eto	Yes	Yes	(Important information on concurrent post(s)) Attorney at law, Bengoshi Hojin Hino Sogo Law Office	Mr. Eto was appointed in anticipation that he will leverage his wide range of experience and knowledge gained as a public prosecutor and an attorney to monitor the business execution of the Company's directors from an independent standpoint and from the perspective of a legal expert. In addition, it has been determined that Mr. Eto is sufficiently independent of the Company due to the fact that he fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. His appointment also reflects the Company's belief that he will supervise its management from an independent perspective.

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
Hiromi Fujita	Yes	Yes	(Important information on concurrent post(s)) Representative Partner, Sakura Yuwa Partners Tax Accountants' Corporation Outside Director, Audit and Supervisory Committee Member, IKK Holdings Inc.	Ms. Fujita was appointed in anticipation that she will leverage her wide range of experience and knowledge gained as a tax accountant to monitor the business execution of the Company's directors from an independent standpoint and from the perspective of a tax expert. In addition, it has been determined that Ms. Fujita is sufficiently independent of the Company due to the fact that she fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. Her appointment also reflects the Company's belief that she will supervise its management from an independent perspective.



## Audit and Supervisory Committee

### Member Composition and Chairman Attributes

	Total members	Full-time members	Inside directors	Outside directors	Chair
Audit and Supervisory Committee	4	2	1	3	Outside director

Directors and employees who are to assist with the duties of the Audit and Supervisory Committee	Yes
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### Items Related to Independence from Executive Directors of Such Directors and Employees

Employees of the Audit and Supervisory Committee Office that receive necessary instructions for Audit and Supervisory Committee duties from Audit and Supervisory Committee members of the Company will not receive guidance from directors (excluding directors who are Audit and Supervisory Committee members) with regard to those instructions.

### Collaboration between Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit and Supervisory Committee, the accounting auditor, and the Internal Audit Department hold meetings on a regular basis where information is exchanged regarding audit plans, methods, and results. In addition, important information and opinions are exchanged between the Audit and Supervisory Committee, the accounting auditor, and the Internal Audit Department, when necessary, in an effort to enhance the depth of mutual audits.

### Voluntary Committees

Establishment of voluntary committees that correspond with the Nomination Committee and the Compensation Committee	Yes
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### Establishment of Voluntary Committee, Member Composition, and Chairman Attributes

#### Voluntary Committee Corresponding with the Nomination Committee

Committee name			Nomination and Compensation Advisory Committee			
Total members	Full-time members	Inside directors	Outside directors	Outside experts	Others	Chair
6	1	1	5	0	0	Outside director

#### Voluntary Committee Corresponding with the Compensation Committee

Committee name			Nomination and Compensation Advisory Committee			
Total members	Full-time members	Inside directors	Outside directors	Outside experts	Others	Chair
6	1	1	5	0	0	Outside director

### Supplementary Information

The Nomination and Compensation Advisory Committee was established in March 2019 to take over the duties of the previous Compensation Advisory Committee, with the objective of planning the further enhancement of corporate governance, and improving the objectivity and transparency of procedures related to the nomination and

compensation, etc. of directors. The Committee deliberates the following themes, and functions as the equivalent of both nomination committee and compensation committee.

<Principal themes for deliberation>

- Policy for selecting directors, and selection proposals
- Proposals for selecting senior corporate officers
- Progress in relation to succession plan
- Compensation systems for officers (policies for deciding compensation, reasonableness of the level and composition of compensation)
- Skillset for directors

## Independent Officers

Number of independent officers	8
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## Other Items Related to Independent Officers

### Independence Evaluation Criteria for Outside Officers

Outside officers shall be deemed to be independent if they do not fall under any of the following items:

- (1) a current executive director, executive officer, corporate officer, or employee (hereinafter, “executive”) of the Company or any of its subsidiaries (hereinafter, “Group companies”), or someone who has served in such a position in the past 10 fiscal years
- (2) a spouse or relative by blood or marriage within the second degree of a current executive of a Group company (to the extent such a person is deemed to be an important party), or of someone who has served in such a position in the past three fiscal years
- (3) an entity of whom the Company is a major business partner (that is, a recipient of payment from the Company in excess of 2% of said recipient’s average consolidated sales over the period of the previous three fiscal years), or, in the event such an entity is a corporation, an executive person of said corporation
- (4) a major business partner of the Company (that is, an entity that makes payments to the Company that account for over 2% of the Company’s average consolidated sales over the period of the preceding three fiscal years), or, in the event such a business partner is a corporation, an executive person of said corporation
- (5) a major lender to the Company (that is, an entity that provides loans to the Company in excess of 2% of the Company’s average consolidated assets over the period of the preceding three fiscal years), or, in the event such a lender is a corporation, an executive of said corporation
- (6) a legal expert, etc., whose remuneration received from the Company, other than officers’ compensation, exceeds ¥10 million on average per annum over the period of the preceding three fiscal years, or, if such an expert belongs to a corporation, 2% of the consolidated sales of said corporation over the same period
- (7) a director or executive of an organization that receives donations in excess of ¥10 million on average per annum from the Company over the period of the preceding three fiscal years
- (8) a major shareholder of the Company (that is, a shareholder who holds 10% or more of the total number of voting rights of the Company), or, in the event such a shareholder is a corporation, an executive of said corporation
- (9) a spouse or relative by blood or marriage within the second degree of a person who falls under any of items (3) through (8) (to the extent such a person is deemed to be an important party)
- (10) in addition to the preceding items, a person who is unable to independently perform duties as an outside director or an outside corporate auditor due to a conflict of interest with the Company or to other exceptional circumstances

### Incentives

Implementation of initiatives related to providing incentives for directors	Introduction of the performance-linked share-based remuneration plan
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### Supplementary Information

The Company adjusts individual compensation levels based on a director’s responsibilities and results achieved in the previous fiscal year. Remuneration for directors (excluding outside directors and directors who are Audit and Supervisory Committee members) consists of basic remuneration at the fixed amount and performance-linked remuneration. Performance-linked remuneration consists of monetary remuneration that fluctuates according to corporate performance, etc. and stock compensation.

Recipients of stock options	None
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## Supplementary Information

None

### Director Compensation

Disclosure of Individual Director's Compensation	Individual compensation amounts are not disclosed.
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## Supplementary Information

The Company discloses total compensation paid to directors in its Business Report and Securities Report.

Policy for determining compensation level and calculation methods	Yes
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### Policy for Determining Compensation Level and Calculation Methods

Policy, etc. concerning decisions on the details of remuneration, etc. for officers, etc.

The Board of Directors resolved the decision policy regarding the details of remuneration, etc. for individual officers at the meeting held on May 10, 2022. Upon the said resolution by the Board of Directors, the Board of Directors had consulted the Nomination and Compensation Advisory Committee regarding the content of the resolution and received the report of the latter's findings.

With regard to remuneration, etc. for individual officers for FY2023, the Board of Directors also confirmed that the procedure for determining the details of remuneration, etc. and such details thus determined were consistent with the said decision policy and that the report from the Nomination and Compensation Advisory Committee was respected. The Board thus judged that they were in accordance with the said decision policy.

The decision policy regarding the details of remuneration, etc. for individual officers is described below.

#### 1. Basic Policy concerning the Determination of Remuneration and the Company's View on Remuneration Level

This is how remuneration for Directors is determined. Basic remuneration, at the fixed amount, is determined at a level commensurate with their role and responsibilities, and remuneration linked to business performance (monetary remuneration and stock compensation) has a structure that takes into account Directors' motivation for improving business performance and corporate value. The amount of remuneration is determined at an appropriate level in light of surveys conducted by external specialized organizations and other information.

#### 2. Compensation Mix

##### (a) Directors (Excluding Outside Directors and Directors Who Are Audit and Supervisory Committee Members)

Basic remuneration at the fixed amount and performance-linked remuneration comprise remuneration for Directors. Performance-linked remuneration consists of monetary remuneration that fluctuates according to corporate performance, etc. and stock compensation. Performance-linked remuneration functions as a short-term and long-term incentive for improving business performance and corporate value.

Performance-linked remuneration for directors (excluding outside directors and directors who are Audit and Supervisory Committee members) shall be restricted to no more than 20% of total remuneration.

The key performance indicators (KPI) used for the performance-linked remuneration (monetary remuneration) are set as consolidated operating income for each fiscal year for steadily improving results toward the goal of achieving

targets set for each fiscal year.

Consolidated operating income for each fiscal year shall be set as a KPI for performance-linked remuneration (share-based) in the short term. In the medium to long term, a KPI based on a rank shall be set for stock compensation, comparing the Company's Total Shareholders Return (TSR) with TSR of competitors in the period of the Medium-Term Business Plan (three fiscal years). By further clarifying in this way the linkage between remuneration for executive directors, and business performance and the value of Company shares, the objective is to ensure that not only the benefits of higher share prices, but also the risks of falling share prices are shared with shareholders, thereby further strengthening the motivation for directors to contribute to improvements in business performance and corporate value over the medium to long term. Furthermore, incentives adopting employee awareness survey findings as evaluation items shall be set to quantitatively assess the degree of human resources strategy realization.

Basic remuneration and performance-linked remuneration (monetary remuneration) are paid monthly during a Director's term of office, and remuneration linked to business performance (stock compensation) is paid when a Director retires.

(b) Outside Directors and Directors Who Are Audit and Supervisory Committee Members

In consideration of their responsibilities, the remuneration of outside directors and directors who are Audit and Supervisory Committee members consists of basic remuneration only.

3. Limits on Officers' Compensation

The amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee members) was approved to be up to ¥420 million annually (of which up to ¥60 million is for outside directors) at the 32nd Annual General Meeting of Shareholders held on June 21, 2019. As of the end of the 32nd Annual General Meeting of Shareholders held on June 21, 2019, the number of Directors will be 11 (including five (5) outside directors). It was resolved at the 31st Annual General Meeting of Shareholders held on June 22, 2018 that the amount of remuneration for Directors who are Audit and Supervisory Committee members be up to ¥120 million. As of the end of the 31st Annual General Meeting of Shareholders held on June 22, 2018, the number of Directors who are Audit and Supervisory Committee members is four (4) (including three (3) outside directors).

With regard to performance-linked share-based remuneration plan "Board Benefit Trust" for directors (excluding outside directors and directors who are Audit and Supervisory Committee members), it was resolved at the 35th Annual General Meeting of Shareholders held on June 23, 2022 that the Company contribute funds to the trust up to ¥600 million (¥390 million of which for Directors), apart from the above amount of remuneration, over three fiscal years as funds for the acquisition of shares to be provided in the future. As of the end of the 35th Annual General Meeting of Shareholders held on June 23, 2022, the number of Directors who are subject to this plan is six (6). The Company shall grant Directors (excluding outside directors and directors who are Audit and Supervisory Committee members) a specified number points determined upon having given consideration to factors relating to respective fiscal years such as their positions based on the Rules on Provision of Shares to Officers, and the extent to which business performance has achieved the targets stipulated by the Medium-term Business Plan. Each point granted to the Directors, etc. shall be converted into one common share of the Company at the time of the provision of the Company's shares, etc. (provided, however, in case where the Company's shares become the subject of a share split, allotment of shares without contribution, or consolidation of shares, etc., the maximum number of points, accumulated number of points granted or the conversion rate shall be adjusted in a reasonable manner in proportion to the relevant ratio, etc.). The total number of points granted to Directors in each fiscal year shall be up to 43,000.

4. Methods of Calculating Performance-linked Remuneration
- (a) Method of Calculating Performance-linked Remuneration (Monetary Remuneration) Provided to Directors  
Remuneration shall be provided with 10% of basic remuneration at the fixed amount as the upper limit by varying the amount of remuneration by the KPI of 0.0 to 2.0 (1.0 set as a standard) according to the degree of consolidated operating income achievement in each fiscal year.
- (b) Method of Calculating Performance-linked Remuneration (Stock Compensation)  
Short-term incentives in stock compensation are calculated with the use of a coefficient ranging from 0.0 to 2.0 (1.0 set as a standard) that corresponds to the degree to which the consolidated operating income target for each fiscal year is achieved. Long-term incentives are calculated with the use of KPI ranging from 0.0 to 2.0 (1.0 set as a standard) that corresponds to a rank obtained by comparing the Company's TSR with TSR of competitors in the period of the Medium-Term Business Plan (three fiscal years).  
Points up to 5% of the long-term incentives explained above are added, taking into consideration employee awareness survey findings in three fiscal years from April 2022 to March 2025 (linked to the period of the Medium-Term Business Plan). Points are not subtracted in cases where no improvement is made.  
The number of Company shares to be provided to each director is calculated by multiplying the number of points granted to a director by 1.0.

5. Procedures for Determining Compensation  
When determining remuneration for directors (excluding directors who are Audit and Supervisory Committee members), the Nomination and Compensation Advisory Committee, composed of five independent Outside Directors and one Inside Director, and chaired by an independent Outside Director, submits its findings to the Board of Directors, with the president delegated by the Board of Directors then determining remuneration within the total value limits imposed by the resolution of the General Meeting of Shareholders. The reason for delegating authority is because the president is deemed the most suitable for evaluating each director while taking a broad overview of the Company's business performance as a whole. In FY2023, Mr. Yoji Furumiya, who is Representative Director and President, Corporate Officer, Chief Executive Officer, and in charge of Auditing Department, was delegated authority by the Board of Directors to determine remuneration.

Remuneration for directors who are Audit and Supervisory Committee members is determined through discussion among directors who are Audit and Supervisory Committee members, within the total value limits imposed by the resolution of the General Meeting of Shareholders.

The Nomination and Compensation Advisory Committee is chaired by an independent outside director, and at least half of its members are independent outside directors. The committee engages in discussions with respect to policies on determining specifics of remuneration for directors, and the remuneration specifics for directors individually, and other such matters, and accordingly plays a role in enhancing fairness and objectivity with respect to remuneration. In FY2023, the committee deliberated on the basic policy on remuneration (basic remuneration and performance-linked remuneration) for Directors, KPI for the performance-linked share-based remuneration, etc. Individual remuneration for Directors in FY2023 has been deemed as being in line with this policy as the current levels for basic remuneration are appropriate, and performance-based stock compensation does not have problems with regard to ensuring the linkage with business performance.

#### **Support Systems for Outside Directors**

A support system was put into place to allow outside directors to freely exchange opinions when necessary and provide them with preliminary explanations from each department.

## Status of Persons Who Have Retired from a Position Such as Representative Director and President

Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company

Name	Title/position	Responsibilities	Working form and conditions (full-time/part-time, paid/unpaid, etc.)	Date of retirement from position such as president	Term of office
Susumu Ishihara	Special Advisor	Advice upon request from the Company, economic organization activities, social contribution activities, etc.	Part-time, paid	June 23, 2009	Annual renewal
Koji Karaike	Senior Executive Adviser	Advice upon request from the Company, economic organization activities, social contribution activities, etc.	Full-time, paid	June 27, 2014	Annual renewal

Total number of retired representative director and presidents, etc. holding advisory or any other position in the Company	2
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### Other Items

- The above “Date of retirement from position such as president” indicates the date of retirement as Representative Director and President of the Company.
- In addition to responding to inquiries of the president with respect to the Company’s business activities, the special advisor and Senior Executive Adviser also engage in external activities that benefit the Company and society.  
The Company deems that there are no problems with respect to governance given that they are not involved in managerial decision-making.

### 2. Items Related to Functions for Business Execution, Audits and Supervision, Nomination, Determining Compensation, Etc. (Overview of Current Corporate Governance System)

In June 2018, the Company transitioned to a company with audit and supervisory committee while also adopting Corporate Officer System with aims that include strengthening the supervisory function of its Board of Directors, speeding up managerial decision-making, achieving efficient corporate management, and separating the task of business execution from those of managerial decision-making and the supervisory function.

#### ● Board of Directors

The Board of Directors decides on important items such as those stipulated by laws and regulations, including the Regulations of the Board of Directors. The Board of Directors

also supervises the business execution of the Company's directors, senior corporate officers and corporate officers. The Board of Directors meets once a month as a general rule, and comprises a total of 15 members, including 11 directors (excluding directors who are Audit and Supervisory Committee members) and four directors who are Audit and Supervisory Committee members. Meanwhile, the Company appoints eight independent outside directors to the Board of Directors to further strengthen its supervisory function.

In addition, the Company has established the Executive Committee, which meets once a week as a general rule. It deliberates on items for which authority has been delegated to it following a resolution by the Board of Directors pursuant to the Articles of Incorporation, and also on important items related to business operations. The Company has also established the Group Executive Committee. It deliberates on business strategy, such as the JR Kyushu Group's management vision and the allocation of management resources, as well as important items pertaining to each Group company. By steadily carrying out business management at each Group company, the Group Executive Committee is making efforts to reinforce the comprehensive strengths of the JR Kyushu Group.

- **Audit and Supervisory Committee**

The Audit and Supervisory Committee receives reports on important matters related to audits and other such matters, and also holds discussions and makes decisions regarding those matters. As a general rule, the Audit and Supervisory Committee meets once a month. The Company's Audit and Supervisory Committee comprises four Audit and Supervisory Committee members (of which, three are independent outside directors), and carries out audits and other tasks with respect to business execution of the Company's directors, senior corporate officers and corporate officers.

Furthermore, the Company judges, selects and evaluates the independence, expertise, etc. of the accounting auditor in accordance with the selection standards and the evaluation standards for the accounting auditor, which were formulated by the Audit and Supervisory Committee.

- **Policy and Procedure for Appointment**

When nominating directors, considering factors such as reports made by the Nomination and Compensation Advisory Committee, the Board of Directors decides on candidates based on a selection standard determined by the Board of Directors, such that values a high level of ethics, personality, character and management ability. The Board of Directors makes a proposal to a General Meeting of Shareholders regarding the dismissal of a director, after considering factors such as reports made by the Nomination and Compensation Advisory Committee, and deliberating on the matter, if such director ceases to satisfy the aforementioned selection standard, or if corporate value has become significantly impaired as a result of such director having exercised negligence with respect to his or her professional duties, or if circumstances are such that would constitute grounds for disqualification otherwise.

With respect to nominating a candidate for director who is an Audit and Supervisory Committee member, the Company selects based on a selection standard determined by the Board of Directors and obtains the approval of the Audit and Supervisory Committee.

- **Liability Limitation Agreement with Directors who are not executive Directors**

In accordance with the provision of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with each Directors who are not executive Directors that limits the liability under Article 423, Paragraph 1, of the Companies Act. The amount of liability limited based on this agreement is held to the minimum liability amount permissible by laws and regulations.

- **The Directors and Officers Liability Insurance Policy**

The Company has entered into a directors and officers liability insurance policy, as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, and the said insurance policy covers the amount of indemnification and litigation expenses to be borne by the insured upon a claim for damages filed by a



shareholder, third party, etc. As a general rule, insurance premiums are borne by the Company. Damages such as damages that the insured will bear due to a claim for damages caused by violation of the law will not be covered by the insurance contract. The insured persons in the said insurance policy are major executives of the Company and its subsidiaries including directors, auditors, and executive officers.

### **3. Reasoning for Selecting Current Corporate Governance System**

The Company endeavors to further enhance its corporate governance by including Audit and Supervisory Committee members with voting rights at the meetings of the Board of Directors in the members of the Board of Directors, and strengthening the supervisory function of the Board of Directors. Furthermore, the Company endeavors to further heighten its corporate value by delegating a portion of authority for execution of important operations to directors on the basis of its Articles of Incorporation and resolution of its Board of Directors, and by realizing swifter and more efficient operations. The Company has selected the aforementioned corporate governance system to such ends.

### III. Operational Status of Policies for Shareholders and Other Stakeholders

#### 1. Initiatives to Invigorate the General Meeting of Shareholders and Smoothly Facilitate Voting

	Supplementary information
Early dispatch of Notice of Convocation	Materials are sent roughly three weeks prior to the General Meeting of Shareholders.
Setting the date of the General Meeting of Shareholders on days that do not conflict with other companies	The General Meeting of Shareholders is held on days that do not conflict with other companies.
Voting by electromagnetic method	The Company has enabled Internet voting.
Initiatives to improve the voting environment for other institutional investors through a commitment to electronic voting platforms	The Company utilizes the electronic voting platform operated by ICJ, Inc.
Offering of Notice of Convocation (abstract) in English	The Company translates the Notice of Convocation (abstract) and makes it available on its corporate website. <a href="https://www.jrkyushu.co.jp/company/ir_eng/news/">https://www.jrkyushu.co.jp/company/ir_eng/news/</a>

#### 2. Status of IR Activities

	Supplementary information	Information directly from representatives
Preparation and announcement of disclosure policy	In addition to standards and methods for information disclosure, the Company has also made available its prescription for quiet periods, etc., on the Company website. <a href="https://www.jrkyushu.co.jp/company/ir_eng/policy/disclosure_policy/">https://www.jrkyushu.co.jp/company/ir_eng/policy/disclosure_policy/</a>	
Regular information sessions for individual investors	Every year, the Company holds information sessions for individual investors (these were held a total of four times via websites, etc. during the period from April 2022 to March 2023), and with the schedule and materials being made available on the Company website. <a href="https://www.jrkyushu.co.jp/company/ir/library/individual_investors/">https://www.jrkyushu.co.jp/company/ir/library/individual_investors/</a>	None
Regular information sessions for analysts and institutional investors	President and Corporate Officer, CFO, or others give financial results presentations after second-quarter and year-end results announcements, in addition to holding conference calls after first-quarter and third-quarter results announcements, and the IR DAY that includes outside directors and other events.	Yes
Regular information sessions for overseas investors	President and Corporate Officer, CFO, or others give presentations to overseas investors at individual meetings periodically.	Yes
IR materials posted on corporate website	Both materials related to financial results and information not related to financial results are made available on the IR information page of the Company website in a timely manner, in addition to monthly data. <a href="https://www.jrkyushu.co.jp/company/ir_eng/">https://www.jrkyushu.co.jp/company/ir_eng/</a>	

	Supplementary information	Information directly from representatives
Establishment of an IR division (personnel)	The Strategy Management Department of the Corporate Planning Headquarters oversees the Company's IR activities for institutional investors and analysts, and the Administration Department oversees activities for individual investors.	

### 3. Status of Initiatives for Respecting Stakeholder Perspective

	Supplementary information
Internal regulations on respecting stakeholder perspective	Initiatives regarding stakeholders are determined under the Medium-Term Business Plan and the Code of Ethics.
Implementation of environmental conservation and CSR activities	<p>ESG Strategy Committee has been established, and the Company and Group companies will work to strengthen and promote ESG management so as to continue in the role of a corporate group that contributes to the local community through its business activities. For the JR Kyushu Group Medium-Term Business Plan 2022-2024, the Group reviewed the materialities and established non-financial KPIs in order to achieve the Long-Term Vision for 2030. The Group has set the realization of a zero-carbon society as one of the KPIs and is advancing initiatives in response to climate change. Furthermore, in February 2021, the Group announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (hereinafter, "TCFD") and disclosed climate-related information based on the recommendations of the TCFD. The information disclosure is provided on the Company's website.</p> <p><a href="https://www.jrkyushu.co.jp/company/ir_eng/esg/">https://www.jrkyushu.co.jp/company/ir_eng/esg/</a></p> <p>With regard to environmental conservation activities, in accordance with the Company's basic principles and policies the Company works to lower environmental burdens through the efficient use of energy, such as by introducing energy-saving rolling stock and LED illumination, recycling resources and reducing waste, etc. In addition, an "Integrated Report" that summarizes these activities, etc. related to environmental conservation has been created, and made available on the Company website.</p> <p><a href="https://www.jrkyushu.co.jp/company/ir_eng/esg/">https://www.jrkyushu.co.jp/company/ir_eng/esg/</a></p>

#### **IV. Items Related to Internal Control Systems, Etc.**

##### **1. Basic Approach and Status of Maintenance for Internal Control Systems**

Based on the Companies Act and the Companies Act Enforcement Regulations, the Company and Group companies have in place systems for ensuring the appropriateness of business operations (hereinafter, “internal control systems”). The Company is engaging in the following initiatives in regard to internal control systems.

##### **1. System for Ensuring the Business Execution of Directors and Employees of the Company and Group Companies Complies with Laws, Regulations, and the Articles of Incorporation**

The Company has formulated the JR Kyushu Group’s Code of Ethics to serve as a standard that works to reinforce corporate ethics with each officer (including corporate officers, which includes senior corporate officers; the same applies hereinafter) and employee of the Company and Group companies and ensure compliance with laws and regulations. The Administration Department has been put in charge of implementing this code group-wide and also carries out employee training and other initiatives. In addition, the Audit and Supervisory Committee conducts audits and other tasks with respect to the Company’s directors, while the Internal Audit Department audits the status of compliance with laws and regulations among employees of the Company and Group companies, and reports regularly to the Board of Directors and the Audit and Supervisory Committee.

##### **2. System for Storing and Managing Information Related to the Business Execution of Directors**

In accordance with regulations for the management of written documents, information related to the business execution of the Company’s directors is recorded in written documents and through an electromagnetic medium (hereinafter, “documents, etc.,” collectively) is then stored. The documents, etc., can be viewed at any time by the Company’s directors.

##### **3. Regulations and Other Systems for Managing the Risk of Loss at the Company and Group Companies**

Securing railway safety is the most important management issue for the Company. In accordance with safety management regulations created based on the revised Railway Business Act, which was enacted in October 2006, the Company has established a safety management system and works to ensure, maintain, and improve transportation safety. Safety promotion committees have been established at the head office. The committees carry out initiatives toward preventing operational accidents and work-related injuries. Through training and other methods, these committees make thorough efforts to ensure the Company can make prompt responses in the event of large-scale accidents or natural disasters. For risks that would have a significant impact on the Company’s business operations, the Company will establish regulations at each division that oversees operations and put in place crisis management systems in order to ensure that an appropriate response is made in the event an issue arises.

The Company has established the Group Executive Committee, which oversees the management of Group companies. The Group Executive Committee is made up of mainly the Company’s corporate officers. The Committee ensures that systems are in place that allow for management to be conducted in an appropriate manner. In addition, the Committee supervises and monitors the management of Group companies by holding discussions on key management issues for the JR Kyushu Group based on regulations for business administration at affiliated companies. Furthermore, in addition to establishing relevant departments and designating officers to help support and oversee Group management, the Company works to improve its governance by assigning its officers and employees to work as part-time directors and part-time auditors at Group companies.

**4. Systems for Ensuring Effective Business Execution by Directors of the Company and Group Companies**

The Company's Board of Directors delegates a portion of authority for execution of important operations when necessary on the basis of the Articles of Incorporation and resolutions of the Board of Directors. Meanwhile, the Company's Board of Directors also determines the amount of work undertaken by each corporate officer, and ensures that systems are in place to allow each director and corporate officer to perform his or her assigned work in an efficient manner. In addition, the Company clarifies the authority and responsibilities of each director, corporate officer and employee through the Guidelines on Administrative Authorities, thereby securing an effective system for business execution.

For Group companies, the Company ensures an effective system for business execution through the establishment of regulations related to the division concerning duties, the chain of command, authority, decision making, and other organizational matters.

**5. Systems for Ensuring the Appropriateness of Business Activities at the Company and Group Companies**

In order to establish corporate ethics and reinforce compliance with laws and regulations, the Company and Group companies have formulated the JR Kyushu Group's Code of Ethics and established the JR Kyushu Group Human Rights and Corporate Ethics Committee, which deliberates issues related to corporate ethics and compliance. Furthermore, the Company operates the JR Kyushu Group Corporate Ethics Hotline (hereinafter, "the Corporate Ethics Hotline"), which serves as a means for employees of the Company or Group companies, as well as employees of business partners, to directly provide information regarding actions that may potentially be in violation of laws and regulations. The Company and Group companies maintain a resolute attitude toward antisocial forces, such as crime syndicates, companies affiliated with crime syndicates, and corporate extortionists, and rejects any kind of relationship with such organizations.

**6. Systems for Reporting to the Company Facts Pertaining to Business Execution of Group Company Directors and Employees**

The Company has provided regulations for business administration at affiliated companies. Group executive strategy and other crucial items are communicated through review and reporting systems for the Group Executive Committee, which comprises corporate officers of the Company. Moreover, the Company ensures a system for regular reporting on Group companies' operating results and financial conditions.

**7. Items Regarding Employees Who Are to Assist with the Duties of the Company's Audit and Supervisory Committee**

The Company's Audit and Supervisory Committee members have the authority to instruct Audit and Supervisory Committee Office employees on items necessary to activities of the Audit and Supervisory Committee.

In addition, Audit and Supervisory Committee Office employees will not receive guidance from directors (excluding directors who are Audit and Supervisory Committee members) or others with regard to those instructions.

**8. Systems for Reporting to Audit and Supervisory Committee by Company and Group Company Directors and Employees**

The Company ensures a system for Company and Group company directors, corporate officers, and employees to promptly report conduct to Audit and Supervisory Committee that may be in violation of laws, etc., or behavior that will have a major impact on the Company or Group companies. Moreover, the contents of messages regarding the implementation status of internal audits and other items from the Corporate Ethics Hotline are regularly reported to Audit

and Supervisory Committee, as stipulated by law.  
Regarding the Corporate Ethics Hotline, with the exception of consultations, the privacy of persons making reports will be strictly observed, and that such persons will not be treated adversely.

**9. Items Regarding Policy on Prepayment of Fees or Reimbursement Procedures and Costs or Discharge of Debt for Performance of Duties by the Company's Audit and Supervisory Committee Members**

The Company secures a budget for views related to the execution of audits on a yearly basis.

**10. Other Systems for Securing Effective Auditing by Audit and Supervisory Committee**

The Company's Audit and Supervisory Committee conducts regular roundtable discussions with the president and outside directors (excluding directors who are Audit and Supervisory Committee members). Moreover, Audit and Supervisory Committee regularly conduct roundtable discussions with the Internal Audit Department, accounting auditors, and Group company auditors, thus strengthening cooperation.

**2. Basic Approach and Status of Policies for Eliminating Antisocial Forces**

The Company's basic approach and status of policies for eliminating antisocial forces are as follows.

1. The Company stipulates the forbidding and elimination of any relationship with antisocial forces under its Basic Policy related to Internal Controls and, under the JR Kyushu Group Code of Ethics, calls for a resolute attitude in dealing with antisocial forces.
2. Through contracts and other means, the Company has introduced conditions and prepared systems for eliminating relationships between its business partners and antisocial forces.
3. The Company has appointed personnel in charge of preventing undue claims within its major departments.
4. The Company has prepared and applied internal rules and response guidelines.
5. The Company raises awareness on the importance of eliminating antisocial forces through a corporate ethics handbook provided to all employees.

## V. Other

### 1. Status of the Introduction of Takeover Defense Measures

Introduction of takeover defense measures	None
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### Supplementary Information

None

### 2. Items on Other Corporate Governance Systems

In order to deter insider trading, the Company has set up regulations for the prevention of insider trading that target items that may have a considerable effect on investor ratings, namely material facts as determined by the Financial Instruments and Exchange Act (hereinafter, “material facts”). Accordingly, internal information management and appropriate and timely disclosure are being implemented as laid out below.

- Employees in possession of material facts are to promptly transmit said information to an information security officer (general manager of Strategy Management Department) via the general manager of the relevant department (hereinafter, “supervisory general manager”). Material facts pertaining to subsidiaries are also to be transmitted to an information security officer via a supervisory general manager. When in doubt if obtained information falls under the category of “material facts,” an information security officer is to be consulted.
- Information security officers conduct necessary information management of material facts. They also control stock transactions and other trading activities of directors and employees in possession of material facts.
- To disclose material facts promptly, the information management office works in cooperation with the relevant departments on disclosure period and method.
- In addition, details on timely disclosure (with the exception of material facts) are stipulated in the securities exchanges’ securities listings regulations and are applied to the handling of material facts.

## **Overview of the Results of Evaluation of the Effectiveness of the Board of Directors and Future Initiatives**

Recognizing that securing the effectiveness of the Board of Directors leads to the medium- to long-term improvement of corporate value, the Company conducts hearings with the directors and gives questionnaires to them for the purpose of advancing analysis and evaluation in related to said efficiency and then discloses an overview of the results in the Corporate Governance Report.

Between December 2022 and February 2023, we conducted a survey consisting of a questionnaire for all directors to complete. Thereafter, we analyzed and evaluated the effectiveness of the Board of Directors at a meeting of the Board of Directors.

### Overview of results

#### 1. Conclusion

The overall evaluation was that the Board of Directors is functioning effectively.

#### 2. Evaluation process

##### (i) Persons evaluated

All directors

##### (ii) Evaluation method

The survey was conducted by administering an anonymous questionnaire.

##### (iii) Evaluation items

The major categories of the questionnaire were as follows.

I Composition and management of the Board of Directors

II Management and business strategies

III Corporate ethics and risk management

IV Evaluation and remuneration of management

V Dialogue with shareholders, etc.



3. Progress, etc. in relation to issues recognized in the FY2021 effectiveness evaluation

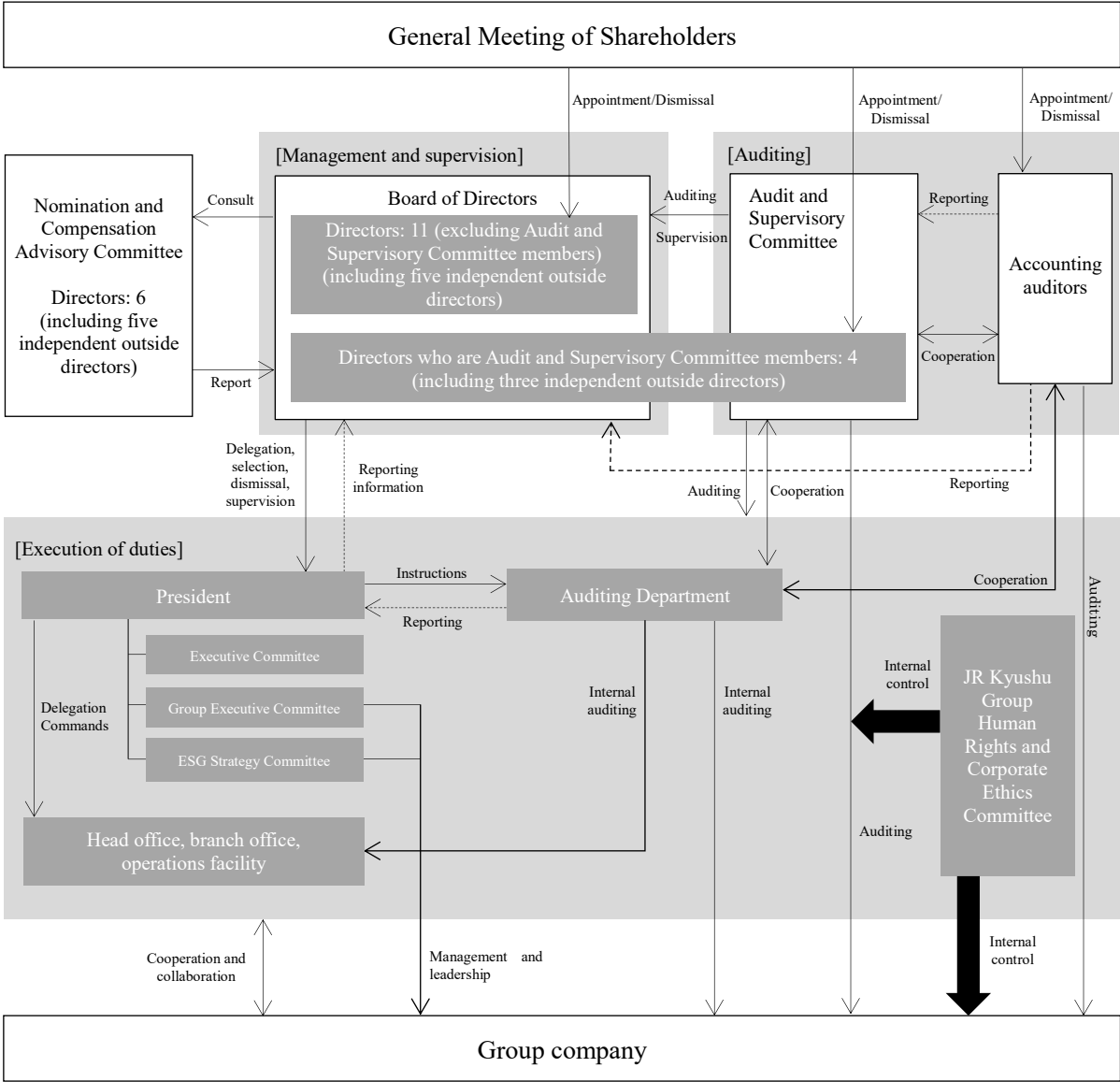
Evaluation items	FY2021 issues (P)	FY2022 initiatives (D)	Evaluation (C)	Future initiatives (A)
I Composition and management of the Board of Directors	In order to fulfill the roles and responsibilities of the Board of Directors, a diverse range of director candidates with varying expertise and experience should be appointed while considering the notion of striking a balance in the Board of Directors overall, and the workforce should be optimized to ensure it is capable of effectively and efficiently carrying out such functions.	Appropriately appoint members to ensure the knowledge, experience, capabilities, and also diversity.	Consideration is being given to optimizing the workforce to ensure it is capable of effectively and efficiently carrying out functions, while considering the notion of striking a balance in the Board of Directors overall.	Consider optimizing the workforce, including a review of skill sets, at the Nomination and Compensation Advisory Committee to ensure that functions are being carried out effectively and efficiently while considering the notion of striking a balance in the Board of Directors overall.
II Management and business strategies	Efforts to improve corporate value through DX (digital transformation) should be confirmed.	Report to the Board of Directors on the “JR Kyushu Group DX Strategy 2022-2024” to become a company that maximizes the use of digital technology to create efficient, high-quality value.	Reports on the “JR Kyushu Group DX Strategy 2022-2024” were made, but reports regarding DX should be further enhanced to improve corporate value.	Make timely and appropriate reports regarding DX to the Board of Directors to improve corporate value.

\* As shown in the table above, the Company will strive to improve corporate value by repeating the PDCA cycle every year.

4. Major issues recognized in the FY2022 effectiveness evaluation and initiatives for FY2023

Evaluation items	FY2022 issues (P)	FY2023 initiatives (D)
I Composition and management of the Board of Directors	Consideration should be given to reviewing the requirements for agenda items for the Board of Directors.	Hold discussions on agenda items for the Board of Directors so that items to be discussed are appropriately included in the agenda.
II Management and business strategies	Progress on the Medium-Term Business Plan should be reported.	Report to the Board of Directors on the progress of the Medium-Term Business Plan in a timely and appropriate manner.
	Reporting on initiatives to improve corporate value through DX should be further enhanced.	Report to the Board of Directors on the progress of the “JR Kyushu Group DX Strategy 2022-2024” and other matters regarding DX promotion in a timely and appropriate manner.
IV Evaluation and remuneration of management	The contents of deliberations by the Nomination and Compensation Advisory Committee and other matters should be further enhanced.	Report to the Board of Directors on the agenda, etc. of the Nomination and Compensation Advisory Committee in a timely and appropriate manner.

# Reference Materials 1: Corporate Governance System



Category of officers	Name	Position
Directors (excluding Audit and Supervisory Committee members)	1. Toshihiko Aoyagi	Representative Director and Chairman
	2. Yoji Furumiya	Representative Director and President Corporate Officer
	3. Toshihiro Mori	Director and Senior Managing Corporate Officer
	4. Hiroyuki Fukunaga	Director and Managing Corporate Officer
	5. Takuma Matsushita	Director and Managing Corporate Officer
	6. Yumi Akagi	Director and Managing Corporate Officer <span style="float: right;">Female</span>
	7. Toshihide Ichikawa	Director <span style="float: right;">Outside Independent</span>
	8. Kuniko Muramatsu	Director <span style="float: right;">Outside Independent Female</span>
	9. Hitomi Yamamoto	Director <span style="float: right;">Outside Independent Female</span>
	10. Takashi Tanaka	Director <span style="float: right;">Outside Independent</span>
	11. Hiroshi Ogasawara	Director <span style="float: right;">Outside Independent</span>
Directors who are Audit and Supervisory Committee members	1. Koji Otabe	Director and Audit and Supervisory Committee member <span style="float: right;">Outside Independent</span>
	2. Koji Higashi	Director and Audit and Supervisory Committee member
	3. Yasunori Eto	Director and Audit and Supervisory Committee member <span style="float: right;">Outside Independent</span>
	4. Hiromi Fujita	Director and Audit and Supervisory Committee member <span style="float: right;">Outside Independent Female</span>

Data of officers	
Number of directors	Male: 11
	Female: 4
	Total: 15
Ratio of independent outside directors	53.3%
Ratio of female directors	26.7%
Number of corporate officers (excluding directors)	16

**Reference Materials 2: Overview of Appropriate Disclosure System**

