



JR Kyushu Group Integrated Report

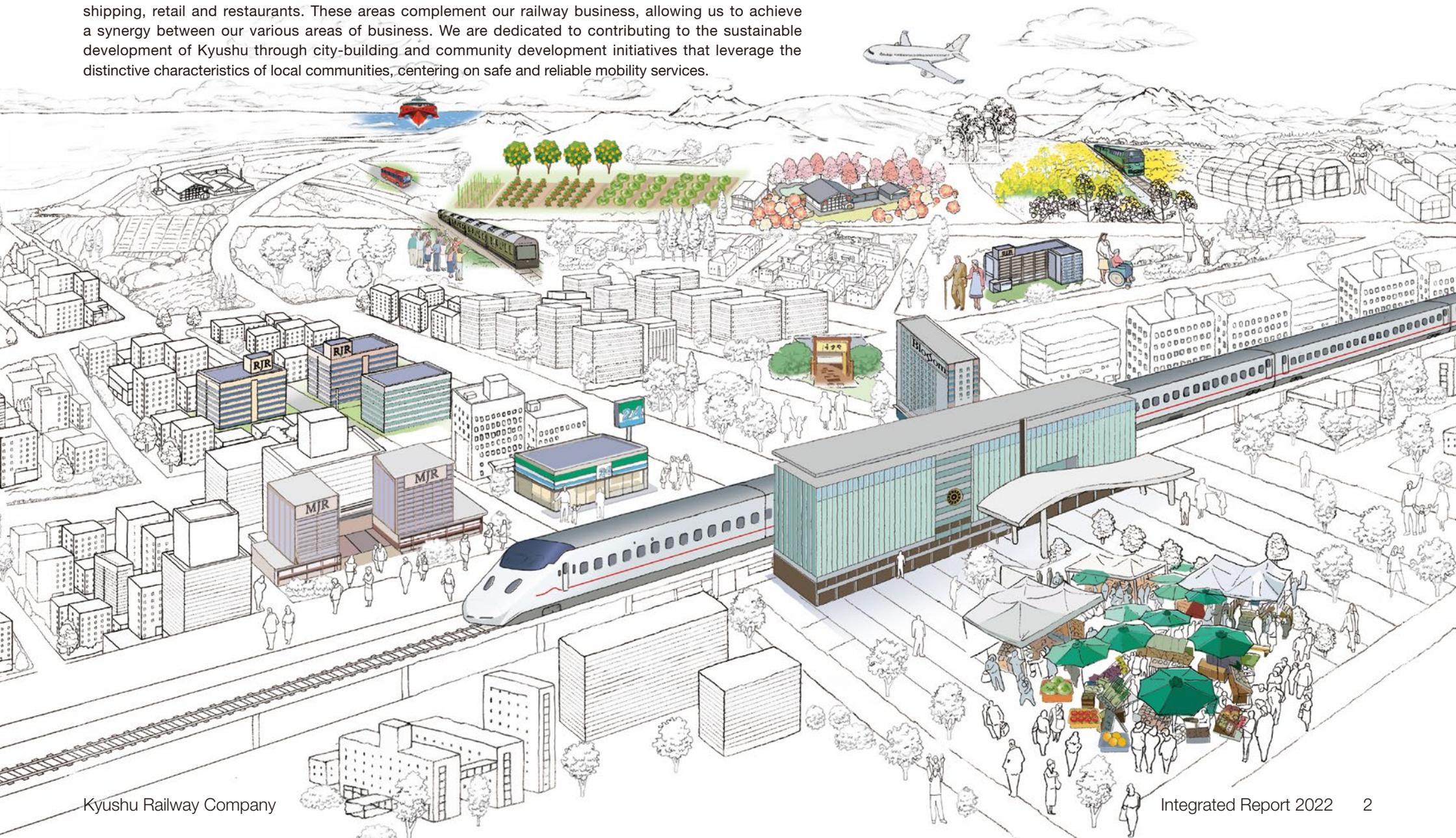
2022



## What we aim to be

### A corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation

The JR Kyushu Group's first and central business is our railway network throughout Kyushu. Over the years, our business has expanded into areas such as station buildings, hotels, condominiums, construction, shipping, retail and restaurants. These areas complement our railway business, allowing us to achieve a synergy between our various areas of business. We are dedicated to contributing to the sustainable development of Kyushu through city-building and community development initiatives that leverage the distinctive characteristics of local communities, centering on safe and reliable mobility services.



# Contents

<b>1 Message from the President</b>	4
<b>2 History of the JR Kyushu Group</b>	
History of the JR Kyushu Group	9
At a Glance	11

<b>3 Value Creation Story</b>	13
Value Creation Story	13
Value Creation Process	14
The Process of Formulation of JR Kyushu Group Medium-Term Business Plan 2022-2024	15
<b>Feature</b> JR Kyushu Group Medium-Term Business Plan 2022-2024	18
Message from the CFO	22
<b>Feature</b> Local Community Invigoration — Sustainable city-building —	26

<b>4 Implementing corporate ESG</b>	32
The JR Kyushu Group's Corporate ESG	32

<b>5 Environment</b>	
For Building a Sustainable Society	35
Realization of a De-carbonized Society	36
Other Initiatives	38

<b>6 Social</b>	
Safety and Service, the Foundation for All of Our Businesses	
— Safety	40
— Service	44
Development of Human Resources, the Source of Value Creation	
— Advancing personnel strategy	48
Development of Employees Skilled in Digital Technologies	53
Human Rights Efforts	55

<b>7 Governance</b>	
Sound Corporate Management	
— Corporate governance	57
Round-table discussions for outside directors	60
— Risk management and compliance	71
— Enhancing communication with stakeholders	74

<b>8 Data Section</b>	
Data Section	
— Financial highlights	76
— Non-financial highlights	77
— Financial information	78
Investor Information	84
Consolidated Subsidiary Information	84

## Editorial Policy

This report was developed for the purpose of imparting a deeper understanding of the JR Kyushu Group's operations (Kyushu Railway Company (JR Kyushu) and related companies) to our stakeholders. The report was prepared with reference to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)\* and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation from the Ministry of Economy, Trade and Industry. The editors' aim is to communicate financial and non-financial information, such as management policies, business strategies, and ESG information, to readers in a concise manner. More detailed information is available on the corporate website for those who are interested.

\* A private-sector organization established in 2010 by entities such as private-sector companies, investors, accountants' organizations, and government institutions with the aim of developing an international corporate reporting framework. In June 2021, IIRC and SASB merged to form the Value Reporting Foundation.



## Forward-looking Statements

This report contains forward-looking statements, including future outlooks and objectives of the JR Kyushu Group.

These statements are judgments made by the Company based on information, projections, and assumptions available at the time of the report's creation.

Accordingly, please be advised that actual operating results could greatly differ from the contents of this report due to the influence of COVID-19; changes in people's values and lifestyles; the economic situation inside and outside Japan and the economic situation in Kyushu; real estate market conditions; the progress of respective projects; changes in laws and regulations; and a wide range of other risk factors.

In addition, the purpose of this report is only to provide information. Its purpose is not to solicit transactions.

Doing everything we can to get back on our path of growth and bring cheer and energy to Kyushu

### As the new President

#### **"Cheer, earnestness and kindness": my motto for growth**

As I take on the mantle as President of JR Kyushu, I think about how I joined the company during its last days as Japanese National Railways, before it was privatized as JR. I started on the front lines in various roles, including as a rolling stock maintenance worker and driver. My time in those jobs gave me an understanding of how people in those roles think and feel, and I learned a lot from the people around me. That experience was an asset for me. During the transition from Japanese National Railways to JR, I thought about how JR Kyushu should be and what it should do from the perspective of someone on the ground, and those thoughts are the foundation of my creed today.

That creed, the principle I hold dear at all times, is something extremely simple: "Cheer, earnestness and kindness." I think this applies to companies just as much as it applies to people. If there's no cheer and energy at a company, you won't enjoy working there, you won't have good ideas, and things won't go in a good direction. Cheer and energy gives a company a good atmosphere, and I think that will ultimately lead to our growth. But a company needs more than cheer. In order to take on challenges of all kinds, it is important to learn and work in earnest. And I also want to be kind as a person—to our customers, to our colleagues and to our communities.

President and CEO  
**Yoji Furumiya**

### **I want to return to a growth track in the next three years**

From the time it was first established, the JR Kyushu Group has navigated the difficult business conditions of the railway business by actively expanding into businesses peripheral to stations that achieve a synergistic effect, such as station buildings and condominiums. Through these endeavors, we have achieved growth as a company. But when COVID-19 struck in 2020, those endeavors ground to a halt and we found ourselves facing the biggest crisis the Group has ever experienced. The first thing we focused on was ensuring the safety of our customers and employees. With less than half our usual passenger numbers on our commuter trains, we knew the company was in trouble if we didn't do something. I still remember how anxious I was about what to do next.

If you don't act, a crisis will never be more than a crisis. But you can turn a crisis into an opportunity. During that period, we sought to reduce the fixed costs of our railway business by 14 billion yen, around 10% of operating expenses, as a BPR measure. We also put measures in place in our city-building initiatives, such as the development of the New Nagasaki Station building. We revised our plans, using efficient development methods to get the building open faster and carrying out initiatives to de-carbonize the building and prevent the spread of COVID-19. There is so much we've accomplished because of COVID-19. Now is the time for the JR Kyushu Group to evolve to adapt to this new world. Now is the time to push ourselves harder and take on all kinds of new challenges.

It is in these circumstances that we started our new Medium-Term Business Plan in April 2022. The Group has been damaged by COVID-19, and we have positioned the period of this plan as an important stage for working to rapidly return the Group to a growth track. We are working on three key strategies: completing business structural reforms creating a model for building cities that promote well-being, and developing businesses in new areas in which we can contribute. We will do everything we can to get our business back to its pre-COVID state as soon as possible, create a working environment that provides peace of mind and

cheer for our employees, and achieve sustainable growth that will take us in the direction set out in our 2030 Long-Term Vision.

## **Policies for the realization of the 2030 Long-Term Vision**

Our policies for achieving our 2030 Long-Term Vision need to be defined according to the changes we can expect to see in our external environment and the ways in which society's values have been changed by COVID-19. We have considered multiple future scenarios and set two policies defining how the JR Kyushu Group will contribute to sustainable development of Kyushu.

### **Policies for the realization of the 2030 Long-Term Vision** **1. Implementing city-building initiatives for the realization of well-being, with consideration for changes in values**

For the purposes of our city-building initiatives, we basically divide Kyushu into two areas. One is areas around terminal stations and areas around our railway lines and the other is city-building initiatives in local regions.

I'll start by talking about areas around terminal stations and areas around our railway lines. People say that Kyushu is a region where the decline in birthrate and the aging and decline of the population are taking place at a faster rate than the national average, but for example, when facilities such as condominiums are built around terminal stations in areas like Fukuoka, Kumamoto and Oita, they fill up immediately. Many of the people buying those homes are older people who want to move to an urban area where life is more convenient than the suburban areas that are a little further out of the way. There are high hopes for compact cities around stations. The Hakata area in Fukuoka is a particular focus, but the medium cities around Kyushu also have extremely good prospects.

Based on this, I want to strengthen our development of areas around terminal stations throughout Kyushu and then later expand our city-building initiatives to areas around our

railway lines that are 20-30 minutes from terminal stations. Creating compact cities in areas around our railway lines is a business model with hidden potential for growth. The sizes of the cities vary, but no matter what the size, we want to carry out development that suits people's diversifying lifestyles, including environments that are easy to live in and commercial facilities that are closely linked to lifestyles, to invigorate areas around our railway lines and create cities that people can live in long-term.

I'll now talk about our city-building initiatives in local regions. These areas are unlikely to see an increase in permanent populations in future, so we are focusing on attempts to expand non-resident populations. For example, in Saga Prefecture, we are carrying out an initiative to restore a traditional Japanese house as a Japanese-style inn and building a hot spring inn. I believe that we can invigorate local communities by pairing local appeal with the foundations of our business to expand the non-resident populations of these communities. It is important to make sure our city-building initiatives are well-balanced, with a combination of the places where people live and the places people visit, and a connection between cities and nature.

In summer 2023, we will introduce a BRT (bus rapid transit) system along the Hitahikosan Line, which was damaged by heavy rain. BRT stations will be set up to allow boarding and alighting at points other than railway stations. In addition to improving convenience for customers, the new electric buses will be good for the environment. We plan to use this as a model case for future community revitalization work that seeks to bring convenient transportation to communities and provide an option for elderly people who cannot drive anymore.

The matter of how to maintain sustainable mobility services in Kyushu will be critical in the long term, and we expect MaaS to play a major role. We aim to develop transportation infrastructure around Kyushu that connects multiple modes of transport, including railways, buses and taxis. We will continue to focus on strengthening our cooperation with organizations such as local transport providers, tourism associations, and governments and further promoting MaaS.

## 2. Expanding areas we work in that contribute to the sustainable development of Kyushu

The decrease in demand for railways in regional areas is also leading to a decrease in the stationmasters who have been the face of each region, and we feel that there has been a loss of opportunities for communication with local governments and communities around our railway lines as a result. Through the Regional Strategy Department we established in April 2022, we want to work together with our branches and Transportation Departments to rebuild that communication with communities. In doing so, we will learn information that only our communities possess, and we will draw on that information and the strengths of the JR Kyushu Group to expand areas we work in that contribute to the sustainable development of Kyushu, which is one of our fields of business. For example, road bridges and tunnels need to be inspected regularly but there are not enough engineers in the regions. Railways also have bridges and tunnels, so we have the know-how that is needed for those inspections. I would like to use the strengths we have developed through our business activities to solve regions' issues and turn that into new areas of business for us.

### Strengthening our management base to achieve our long-term vision

#### Maximizing the individual capabilities of employees is the key to growth

Employees are an extremely important area in our work to achieve our 2030 Long-Term Vision. Our management strategies and business model are changing, along with the labor market, which has prompted discussions of the human resources strategies we have used so far. It is undeniable that improvements in a company's value come from the company's employees. We need to strengthen the positive spiral where we maximize the strengths of the individuals behind our strategies and, in doing so, achieve growth in the JR Kyushu

Group and improve employee engagement. Our railway work was the central focus of our existing human resources system. We believe that this system was somewhat lacking in flexibility, so we have begun reforms. I am conscious that we need to make our human resources system one where an individual's growth leads to growth of the Group, and if I am to motivate our employees then I myself must fly that flag enthusiastically.

To give one example, a driver at one of our depots who is skilled at IT plotted the latitude and longitude of every station on our lines and built a system for driving support and onboard announcements as part of the depot's research on driving work. I am sure that we have many hidden stars like this employee who have useful characteristics and a high level of knowledge. To draw out those individual capabilities, we are recruiting existing employees who are good at IT, or are interested in it, and putting excellent employees in the ideal roles. We also have construction employees working on the designs for our Hitahikosan Line BRT, and they are very good at this work. Working with communities to build cities will make members of those communities happy and is a way for us to get to know those communities and learn about them. That could lead to business opportunities.

We have also introduced an internal recruitment system called *HIRAMEKI*. Employees submit ideas (*hirameki*) for new businesses. When an idea passes the screening, the employee who submitted it is put in charge of that work. Some of the ideas have already been put into practice. I want to use flexible staff placement initiatives like these to create new businesses together with our employees.

It is also important to actively make use of our employees' diverse skills to grow the company. I believe that having a diverse range of employees—women, people with disabilities, older people, and mid-career hires who bring a high level of knowledge and skills—leads to many opportunities for growth, both for each employee and for the organization. In particular, in order to promote the advancement of women

in our workplaces, it is important to create an environment where they can keep working and to create frameworks that enable them to thrive. We have actively appointed women in positions such as site managers and officers of our group companies to give them management experience. The ratio of female managers and the ratio of female employees among new employees are two of the non-financial KPIs in our current Medium-Term Business Plan, and we are continuously working toward these targets with a long-term view. Another way to promote diversity in the Group is to strategically second employees to other sites and allow them to gain a wide range of experience. We can expect these seconded employees to play a central role in carrying out our business strategies. By interacting and gaining new insights and motivation, our employees will learn to think more flexibly, which will lead to new ideas and services. I am conscious that making the maximum use of individuals' strength will lead to sustainable growth of the company.

#### Flexible ideas using digital technology

There are still areas of track and rolling stock maintenance that we assume can only be done by workers and need to be done manually. For example, electrical and structural inspections conducted from a moving train could be done by installing cameras and sensors in rolling stock. With flexible thinking and effective adoption of digital technology, we can make employees' jobs safer and achieve more efficient operations for the company. I think it would also be beneficial from a diversity standpoint, as it would enable more people to work here. Flexible thinking by no means applies only to digitalization; I am always telling our employees that they should think not in terms of the Company's norms but in terms of society's norms.

## About the JR Kyushu Group's Corporate ESG

### Creating sustainable corporate and social value that brings us closer to what we aim to be

The JR Kyushu Group aims to be a corporate group that will invigorate Kyushu and transmit Kyushu vitality to the rest of Japan and Asia. This means that creating sustainable corporate and social value that brings us closer to what we aim to be is the corporate ESG we strive for, and I want to contribute to the accomplishment of the SDGs through our corporate ESG.

The JR Kyushu Group has carried out corporate ESG initiatives through much trial and error since we first announced in 2019 that we would promote and strengthen corporate ESG. However, some investors have expressed concern that we may be tackling too many material issues at once and that we do not have enough KPIs, so we discussed points such as these as we established our current Medium-Term Business Plan. We then revised our material issues and set non-financial KPIs for our new material issues. I feel like through this process we have clearly defined how our ESG is connected to what we aim to be, our conduct, and our management strategies and business strategies, and established the meaning and significance that corporate ESG has for us in a way that is easy to understand.

Climate change is a particularly critical environmental issue. The JR Kyushu Group announced its agreement with the TCFD Recommendations in February 2021, and is aiming to achieve net-zero CO<sub>2</sub> emissions by 2050. We have analyzed the 1.5°C scenario and quantitatively disclosed some of the financial impacts that are expected, but even if a shift to a de-carbonized society is achieved, physical risks such as more severe natural disasters are unavoidable, and the transition will come with significant costs. In addition to playing defense, where we work to reduce CO<sub>2</sub> emissions, we also need to play

offense and consider the opportunities to grow our business that will come with the transition to a de-carbonized society. It will also be essential to work together with other companies and communities. Trains have always been a low-carbon mode of transport, but you only get those benefits in cases where many people are using trains, like in cities. In the local regions, train usage is extremely low, so we aren't getting the benefits of trains, and the current situation isn't very green. With this in mind, I want to discuss what mobility in the local regions should be like.

Trains themselves are also extremely efficient these days, and when we switch to new rolling stock, we use trains that consume less than half as much energy as their predecessors. Real estate assets such as station buildings are another area where we are carrying out environmental initiatives, such as introducing efficient facilities and reducing the thermal load of buildings by improving insulation and promoting greening, with aims such as the acquisition of green building certification. We are also researching alternative energy such as the introduction and use of renewable energy and the use of storage batteries.



## To our stakeholders

### Our mission is to invigorate Kyushu by contributing to the development of Kyushu as a whole

Invigorating Kyushu is our mission, and we see it as the reason for our existence. I feel this way all the more strongly after what we have all experienced with COVID-19. Through the JR Kyushu Group's business, we will boost Kyushu's appeal, dedicate ourselves to regional development, and contribute to in the development of Kyushu to invigorate Kyushu and fulfill our promise to make Kyushu a place where people want to live, work and visit.

This is one of the driving forces in our efforts to return to a growth track within the period of this Medium-Term Business Plan, guided by our policies for the realization of our 2030 Long-Term Vision: implementing city-building initiatives for the realization of well-being, with consideration for changes in values, and expanding areas we work in that contribute to the sustainable development of Kyushu.

Dialog with our stakeholders will continue to be important to us. We will provide thorough explanations of the JR Kyushu Group's vision and initiatives and strive for even more fruitful communication as we work to increase our value as a company. I appreciate your understanding and long-term view of our activities, and promise that you can have high hopes for us.





## History of the JR Kyushu Group

History of the JR Kyushu Group  
At a Glance





# History of the JR Kyushu Group

## The JR Kyushu Group's Corporate DNA

JR Kyushu was established following the breakup and privatization of Japanese National Railways in 1987. At the time of privatization, railway operations were around ¥30 billion in the red. We took steps to improve income and expenditure, but were also aware that we could not rely on our railway operations alone. We took up the challenge of various other businesses as well and aimed for growth.



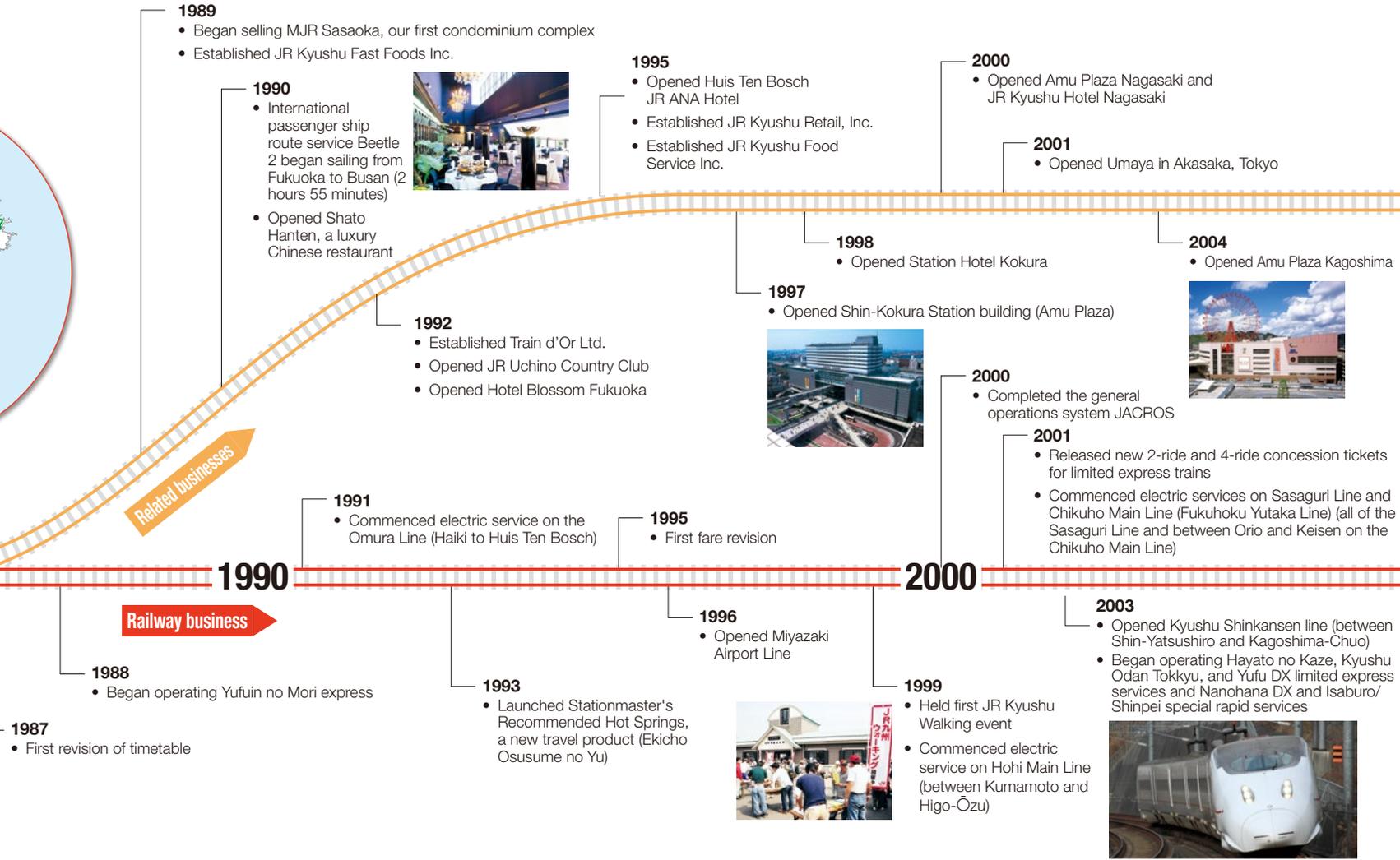
Established Kyushu Railway Company (JR Kyushu)

# 1987



Railway business

Related businesses



- 1987**
- First revision of timetable

- 1988**
- Began operating Yufuin no Mori express

**1990**

- 1990**
- International passenger ship route service Beetle 2 began sailing from Fukuoka to Busan (2 hours 55 minutes)
  - Opened Shato Hanten, a luxury Chinese restaurant



- 1992**
- Established Train d'Or Ltd.
  - Opened JR Uchino Country Club
  - Opened Hotel Blossom Fukuoka

- 1991**
- Commenced electric service on the Omura Line (Haiki to Huis Ten Bosch)

- 1993**
- Launched Stationmaster's Recommended Hot Springs, a new travel product (Ekicho Osusume no Yu)

- 1995**
- First fare revision

- 1995**
- Opened Huis Ten Bosch JR ANA Hotel
  - Established JR Kyushu Retail, Inc.
  - Established JR Kyushu Food Service Inc.



- 1996**
- Opened Miyazaki Airport Line

- 1997**
- Opened Shin-Kokura Station building (Amu Plaza)



- 1998**
- Opened Station Hotel Kokura

- 2000**
- Completed the general operations system JACROS

**2000**

- 1999**
- Held first JR Kyushu Walking event
  - Commenced electric service on Hohi Main Line (between Kumamoto and Higo-Ozu)



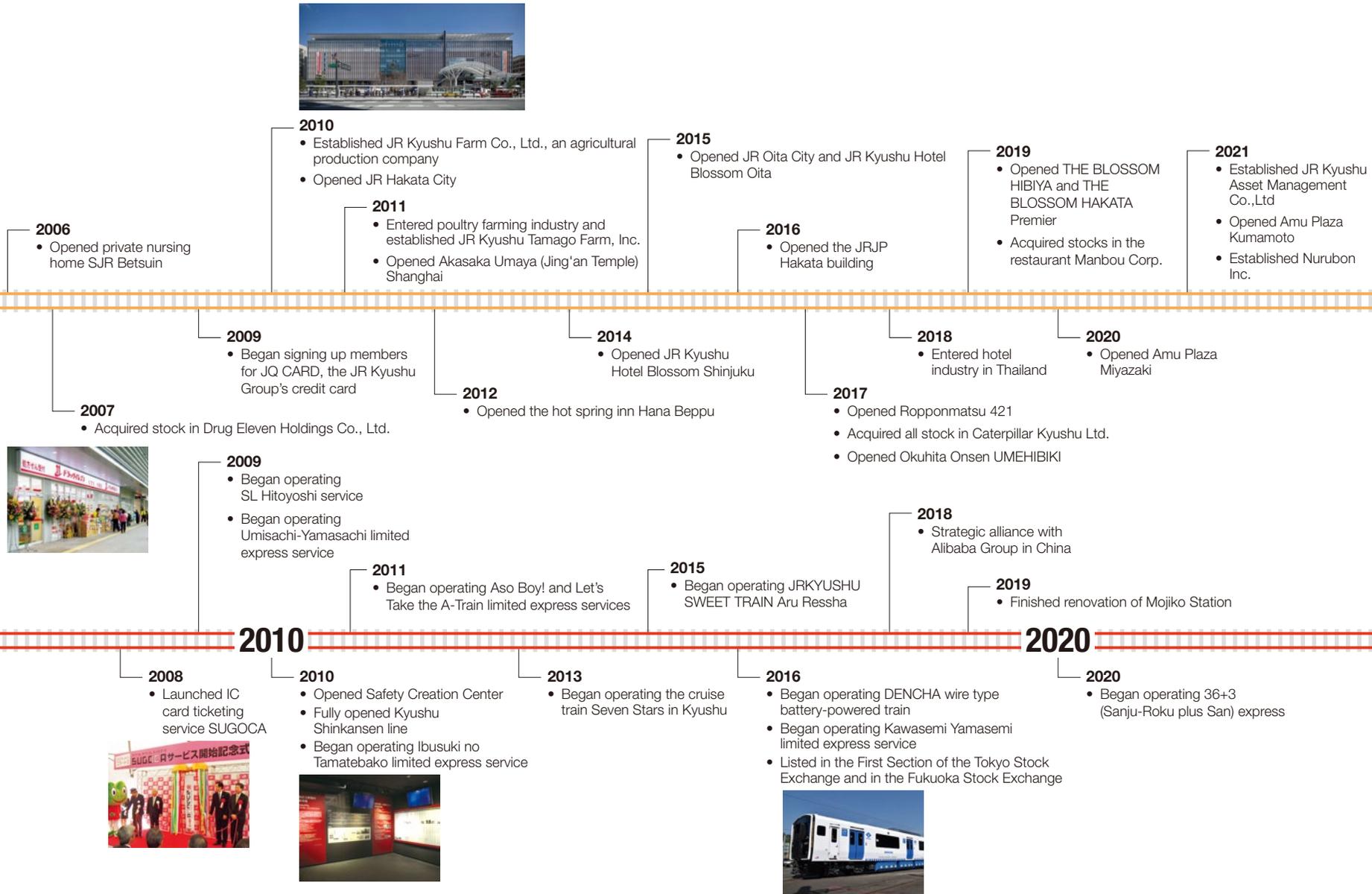
- 2000**
- Opened Amu Plaza Nagasaki and JR Kyushu Hotel Nagasaki

- 2001**
- Opened Umayu in Akasaka, Tokyo

- 2001**
- Released new 2-ride and 4-ride concession tickets for limited express trains
  - Commenced electric services on Sasaguri Line and Chikuho Main Line (Fukuohoku Yutaka Line) (all of the Sasaguri Line and between Orio and Keisen on the Chikuho Main Line)

- 2004**
- Opened Amu Plaza Kagoshima





**Real Estate and Hotels**

**Retail and Restaurant**

**Construction**

**Business Services**

**Transportation**

# At a Glance

We changed our segment classifications from the fiscal year ended March 2023 to strengthen the business portfolio on our Groupwide basis. As a result, our segments have been reclassified from Transportation, Construction, Real Estate and Hotels, Retail and Restaurants, and Other to Transportation, Real Estate and Hotels, Retail and Restaurants, Construction, and Business Services.

## Business Overview

## Operating Revenue by Segment\* (to outside customers)

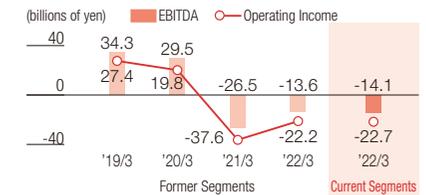
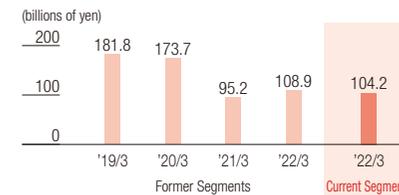
## Operating Revenue

## EBITDA/Operating Income or Loss

### Transportation



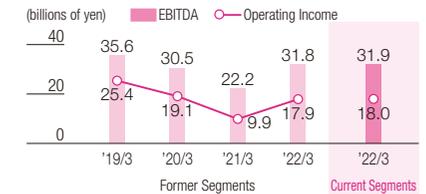
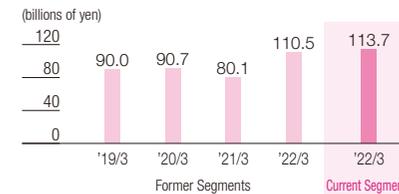
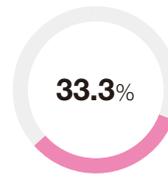
Our Transportation business comprises businesses such as our railway business, bus business, and passenger ship business. We operate a total of 22 lines (1 Shinkansen line, 8 main lines, and 13 regional lines), covering 2,273km across all seven prefectures of Kyushu. (As of March 31, 2022) Our bus business consists of local bus, express bus, and charter bus services, while our international passenger ship business covers routes such as Fukuoka to Busan. (As of March 31, 2022, international routes have been suspended.)



### Real Estate and Hotels



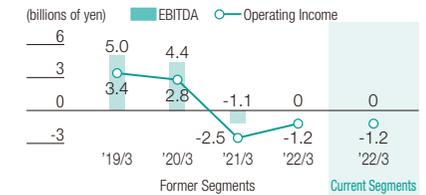
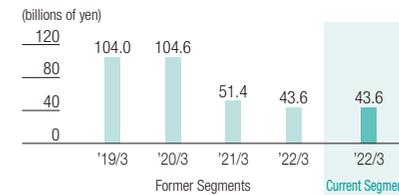
Our Real Estate and Hotels Group operates a real estate lease business (commercial facilities, offices, rental apartments, etc.), a real estate sale business (condominiums), parking lot business, retirement complexes, hotels, and tourist complexes, in addition to asset management for a private REIT. Affiliated companies manage the station and office buildings we own, primarily in major cities in Kyushu, as part of our property rental business.



### Retail and Restaurant



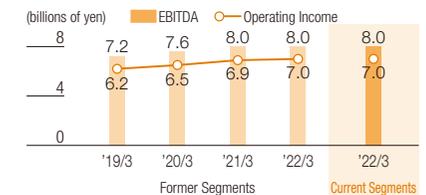
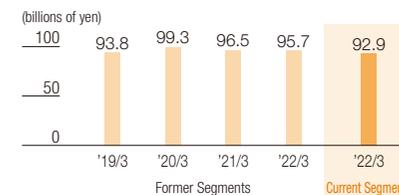
Our Retail and Restaurant Group operates in the retail, restaurant, and agriculture industries. Our retail business includes chains such as Meihingura specialist souvenir shops and FamilyMart convenience stores. Our restaurant business includes the Umayu tavern, fast food stores, the Train d'Or bakery, and the restaurant Manbou. Our agriculture business produces and sells produce.



### Construction



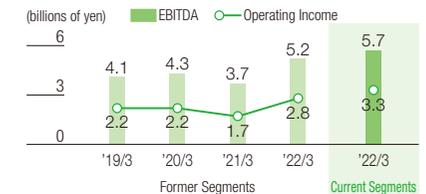
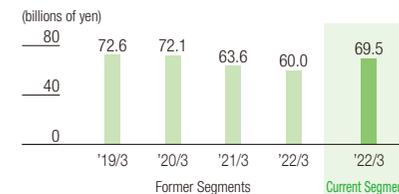
Our Construction Group comprises businesses such as our construction business, rolling stock and machinery construction, and electrical business. In our construction business, we use our specialist railway technology to carry out work related to railways, primarily civil engineering, track work, construction, and maintenance. Our rolling stock and machinery construction business designs, produces, installs, and performs maintenance for rolling stock and machinery. Our electrical business constructs and maintains electrical, HVAC, and firefighting equipment for public and private facilities, primarily electrical facilities for railways. We also provide construction consultancy services.



### Business Services



Our Business Services Group operates businesses such as an advertising business, sales and rental of construction machinery, and more. Our advertising business plans and produces ads and carries out sales promotions. Our business for sales and rental of construction machinery deals with machinery such as construction machines, diesel engines, and generators, with activities including sales, rental, maintenance, and training. Other services include sales of railway materials, office appliances and other equipment, contracting of employee lodging management, system development and operation, shared financial services, and general security services.



\*Breakdowns for each segment are calculated according to the current segment structure.



## Value Creation Story

Value Creation Story

Value Creation Process

The Process of Formulation of JR Kyushu Group Medium-Term Business Plan 2022-2024

**Feature** JR Kyushu Group Medium-Term Business Plan 2022-2024

Message from the CFO

**Feature** Local Community Invigoration: Sustainable city-building



# Value Creation Story

The JR Kyushu Group aims to be a corporate group that will invigorate Kyushu and transmit Kyushu vitality to the rest of Japan and Asia.

We have established three pillars that form our code of conduct, concepts that each and every employee of the JR Kyushu Group can keep in mind and use as a touchstone in everything that they do. These are Integrity, Growth and Evolution, and Local Community Invigoration.

The JR Kyushu Group conducts its business activities according to a vision of what we aim to be and conduct that we have established in order to achieve it, striving to improve our value as a company and build a sustainable society.

## What we aim to be

A corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation

### Value Creation Process

▶ P.14

### The three pillars

forming the JR Kyushu Group's code of conduct

[Integrity]

[Growth and Evolution]

[Local Community Invigoration]

### JR Kyushu Group Medium-Term Business Plan

2022-2024

▶ P.18

### 2030 Long-Term Vision

We will contribute to the sustainable development of Kyushu through city-building initiatives that leverage the distinctive characteristics of local communities, centered on safe and secure mobility services

#### Policies for the realization of the 2030 Long-Term Vision

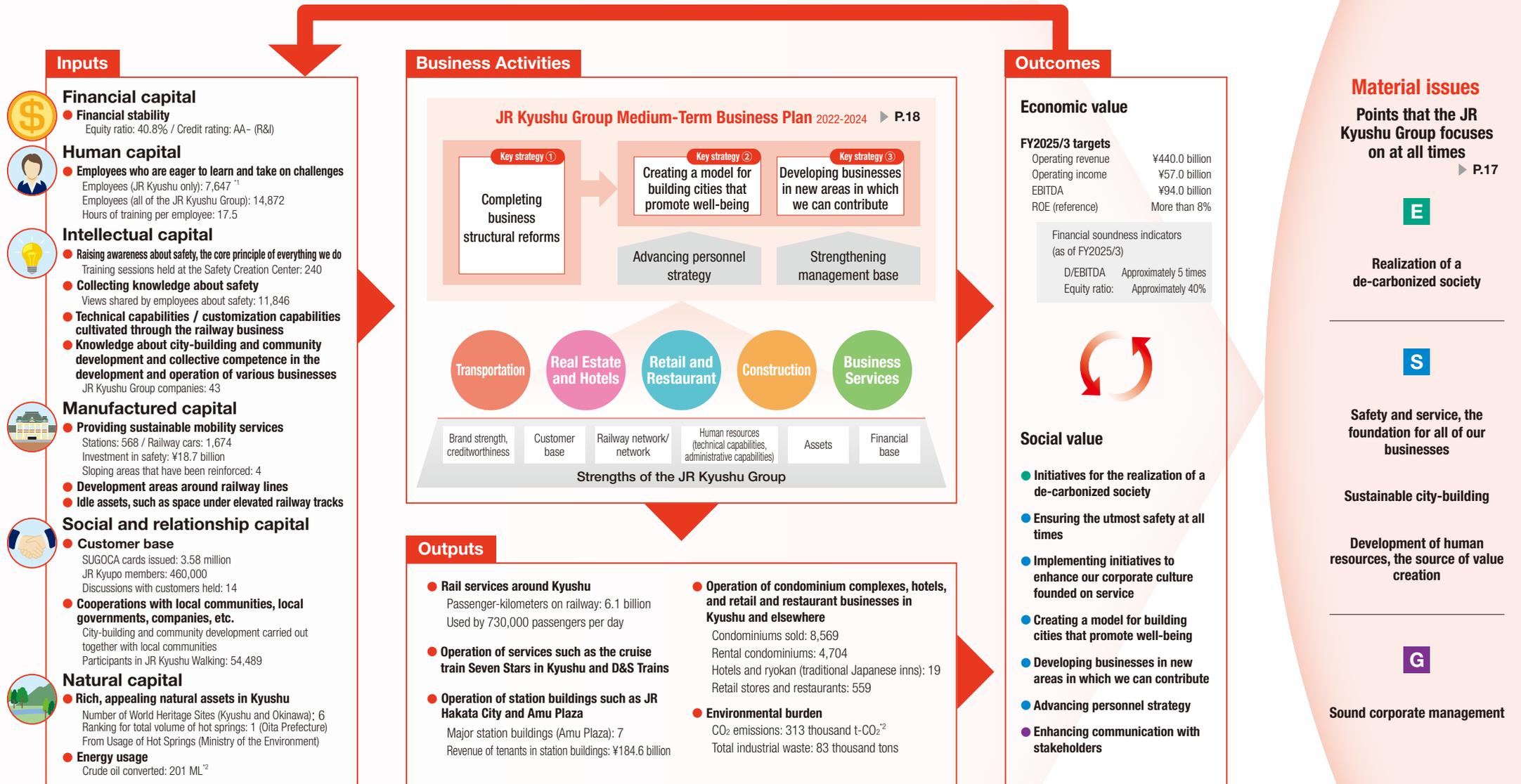
- Policy ① Implementing city-building initiatives for the realization of well-being, with consideration for changes in values
- Policy ② Expanding areas we work in that contribute to the sustainable development of Kyushu

### Material issues ▶ P.17

Points that the JR Kyushu Group focuses on at all times

- E** Realization of a de-carbonized society
- S** Safety and service, the foundation for all of our businesses
- S** Sustainable city-building
- S** Development of human resources, the source of value creation
- G** Sound corporate management

# Value Creation Process



<sup>1</sup> As of April 1, 2022 <sup>2</sup> Facilities that are legally required to be reported under the Act on Rationalizing Energy Use.  
\* Unless otherwise specified, figures are for the fiscal year ended March 2022.

# The Process of Formulation of JR Kyushu Group Medium-Term Business Plan 2022-2024

When we established our new Medium-Term Business Plan from a long-term perspective, we assembled a workshop team. Composed primarily of young managers who will be the backbone of the JR Kyushu Group in 2030, the team discussed and considered various points on the executive side.

Our Board of Directors also discussed the plan from an early stage, and gave its final approval at its meeting in March 2022 after multiple discussions.



## Creation of plan from a long-term perspective

- Establishment of strategies that were not fully fleshed out in the previous Medium-Term Business Plan (2019-2021). These are not merely an extension of the current situation but are created from a long-term perspective.
- Consideration of how to handle significant uncertainty and changes in our environment created by situations like the COVID-19 pandemic

## Assembly of a workshop team composed primarily of young managers

- Assembly of a workshop team based in our Strategy Management Department and composed primarily of young managers who will be the backbone of the JR Kyushu Group in 2030

▶ P.16 Interview with the workshop team

## Changes in the external environment by 2030

- Identification of factors in changes in our external environment that may occur by 2030 from the perspective of PEST (politics, economy, society, technology)

## Changes in people's values regarding the concept of well-being

- We focused on changes in people's values regarding the concept of well-being which have been influenced by changes in the external environment
- Consideration from the perspectives of mind, body and society/environment

## Consideration of multiple future scenarios through scenario planning

- We considered future scenarios focusing on changes in "values regarding the concept of well-being" with an assumption that the external environment will have an influence that exceeds expectations by 2030

## Definition of policies for the realization of the 2030 Long-Term Vision based on the considerations in step 2

### 2030 Long-Term Vision

(continuation of a part of the previous medium-term business plan)

We will contribute to the sustainable development of Kyushu through city-building initiatives that leverage the distinctive characteristics of local communities, centered on safe and secure mobility services.

Changes in the external environment by 2030  
Changes in "values regarding the concept of well-being"  
Future scenarios that anticipate extreme changes

### Policies for the realization of the 2030 Long-Term Vision

- Policy ① Implementing city-building initiatives for the realization of well-being, with consideration for changes in values
- Policy ② Expanding areas we work in that contribute to the sustainable development of Kyushu

## Establishment of this plan period as a time to return to a growth track

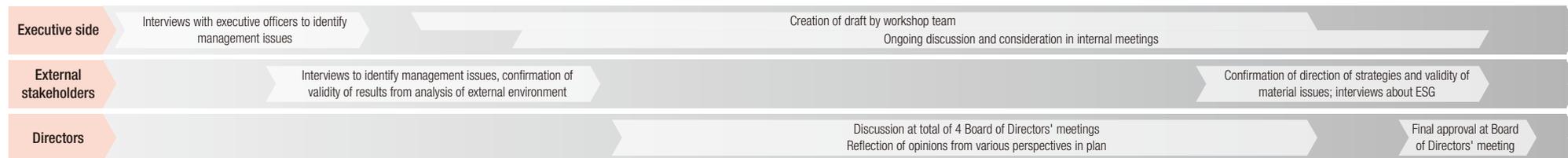
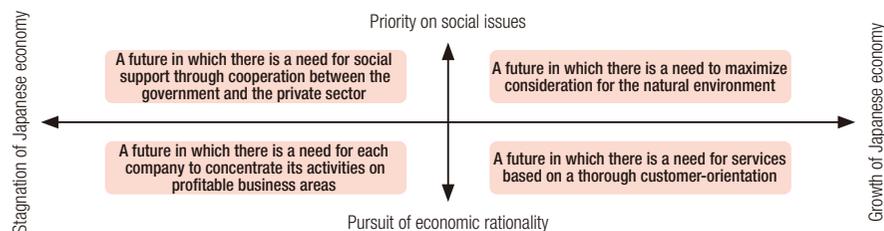
- The Group has been damaged by COVID-19, and we have positioned the period of this plan as an important stage for working to rapidly return the Group to a growth track

## Setting of key strategies for this plan period

- As key strategies in the Medium-Term Business Plan 2022-2024, we will complete the business structural reforms and in addition, as the first steps toward the realization of the long-term vision, we will work to create a model for building cities that promote well-being, with consideration for changes in values, and to develop businesses in new areas in which we can contribute

## Revising material issues and establishing non-financial KPIs

- Based on changes in the external environment and the specific policies for the realization of the 2030 Long-Term Vision, we re-established our material issues
- We established non-financial KPIs associated with the material issues



For details on the JR Kyushu Group Medium-Term Business Plan 2022-2024, refer to P.18-21 and the page about it on our website:

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

## Interview with the workshop team

Our workshop team was composed primarily of young managers who will be the backbone of the JR Kyushu Group in 2030. In addition to our Strategy Management and Finance & Accounting Departments, the team members represented a wide range of areas including our Railway Operations Headquarters and Business Development Headquarters, bringing a wide range of perspectives to their active discussions.

Through a total of 22 workshops, the team established a worldview for 2030, worked in groups to consider future scenarios, and created a draft for our Medium-Term Business Plan.



### Hiroyuki Yamate

Deputy Manager  
Transportation Safety  
Department  
Railway Operations  
Headquarters  
Joined Kyushu Railway  
Company in 2002

### We threw ourselves into BPR and this plan was inspired by the result

#### Q. What were your impressions as a member of the workshop team?

I work on management reforms in our railway business. Establishing this plan gave me a new appreciation for the tough conditions that railways are facing. The employees in our Transportation Department threw themselves into BPR and this plan was inspired by the result. The 14.0 billion yen reduction in costs achieved by the BPR is incorporated into this plan to help us return to a growth track. I will work to complete the BPR measures within the plan period and explore additional ways to reduce costs so that we can keep JR Kyushu's railway business in the black and strengthen our resilience against risks that might put our operating revenue below the targets in the plan.

#### Q. What motivated you in the creation of our Medium-Term Business Plan?

In addition to returning to a growth track, I want to make it possible for us to make future-looking investments that will enable noticeable growth in future, such as technological innovations, and make this a company where people want to work. The discussions I had with team members from various different organizations were my driving force. I will assemble a cross-sectional team within the Transportation Department too so that we can put the insights I have gained from these discussions to good use.



### Takuro Araki

Deputy Manager  
Planning & Development  
Department  
Planning & Development Division  
Business Development  
Headquarters  
Joined Kyushu Railway  
Company in 2009

### City-building for development of appealing cities by a company that invigorates communities

#### Q. What kinds of issues were you aware of?

I make plans for real estate strategies. I was aware of two issues. One is that our Real Estate Department does not have enough of a pipeline for land development by the JR Kyushu Group. In future, we will need to compete with other real estate companies to acquire land and carry out more profitable development work. The other issue is that because COVID-19 has brought about changes in people's lifestyles, the office buildings and business hotels we own may become less competitive. I found it motivating to discuss this from various angles with the workshop team based on various perspectives.

#### Q. What motivated you in the creation of our Medium-Term Business Plan?

This was the first time I had thought about things from the perspective of the whole company. It reaffirmed for me how much the JR Kyushu Group coexists with communities, and showed me how difficult it is to find the right balance in our management. During this plan period, I will work to find the right balance between implementing city-building initiatives for the realization of well-being and achieving good profits, and promote sustainable business so that we can create appealing cities and contribute to improving the JR Kyushu Group's value as a company.



### Norihiko Miura

Deputy Manager  
Recruiting and Diversity  
Promotion Section  
Human Resources Department  
Joined Kyushu Railway  
Company in 2000

### The workshop team was a personnel training exercise in itself

#### Q. What did you struggle with while creating our Medium-Term Business Plan?

I work on personnel plans and hiring. Until now, I had mainly been involved in management of our railway operations. Coming up with our worldview for 2030 was the first time I had been involved in scenario planning. I struggled to come up with future scenarios when the future is so uncertain and it was difficult for me to picture things that could have a greater impact than expected and the changes that could occur as a result, but by sharing issues facing the JR Kyushu Group with the other team members and exchanging opinions and information from various perspectives, I was able to create the foundations of this plan. These discussions made me keenly aware of how narrow my view was, but I have grown as a result.

#### Q. What motivated you in the creation of our Medium-Term Business Plan?

The point I want to focus on in this plan is advancing human resources strategies. I will work to maximize each employee's individual strengths to adapt to changes in the environment around us and in our own management strategies through initiatives such as promoting multi-skilling and hiring personnel with a high level of expertise, focusing on how I can achieve growth of the JR Kyushu Group through those initiatives and on building systems for doing so.



### Material issues and non-financial KPIs

Based on changes in the external environment and the specific policies for the realization of the 2030 Long-Term Vision, we re-established our material issues and we established non-financial KPIs for the period of the plan that are associated with the material issues.

The results of our employee awareness survey are a non-financial KPI of ours, and are a factor in our decisions about officer compensation (except that of outside directors and directors who are Audit and Supervisory Committee members). See P.66 for details

Material issues (points that the JR Kyushu Group focuses on at all times)	Principles of our material issues	JR Kyushu Group Medium-Term Business Plan 2022-2024	
		Major initiatives	Major objectives/indicators
<b>E</b> Realization of a de-carbonized society	We will contribute to the de-carbonization of society as a whole by providing and promoting the usage of seamless mobility, centered on the railway business. To support the realization of a de-carbonized society, we are aiming for net zero CO <sub>2</sub> emissions by 2050.	<b>Initiatives for the realization of a de-carbonized society</b> <ul style="list-style-type: none"> <li>● CO<sub>2</sub> emissions</li> <li>● Disclosure of environment-related information</li> <li>● Green building</li> </ul>	<ul style="list-style-type: none"> <li>● JR Kyushu non-consolidated emissions in FY2031/3 50% reduction compared to FY2014/3</li> <li>● Groupwide Scope 1 and 2 emissions Tracking emissions</li> <li>● Groupwide Scope 3 emissions Starting to calculate</li> <li>● Acquisition of green building certification: 1 or more cases</li> </ul>
<b>S</b> Safety and service, the foundation for all of our businesses	Safety and service is the foundation for all of our businesses, and remains as important as ever. The starting point of everything we do is providing our customers and other stakeholders with peace of mind and earning their trust.	<b>Ensuring the utmost safety at all times</b> <ul style="list-style-type: none"> <li>● Safety</li> </ul> <b>Implementing initiatives to enhance our corporate culture founded on service</b> <ul style="list-style-type: none"> <li>● Service</li> </ul>	<ul style="list-style-type: none"> <li>● Accidents in the railway business that result in fatalities among customers<sup>1</sup> 0 cases</li> <li>● Occupational accidents that result in fatalities among employees, etc. 0 cases</li> <li>● Score of service ranking<sup>2</sup> 90 or more points</li> </ul>
<b>S</b> Sustainable city-building	Our city-building and community development projects are about making Kyushu a place where people will want to live, work, and visit. The reason this is possible is because the JR Kyushu Group has deep roots in the communities and has grown with them. In addition to implementing city-building initiatives for the realization of well-being for people that reflect the changes we have seen in our external environment and people's values, we will make use of the strengths we have built in our existing businesses to expand areas we work in that contribute to the sustainable development of Kyushu.	<b>Creating a model for building cities that promote well-being</b> <ul style="list-style-type: none"> <li>● Resident population in regions around development areas</li> </ul> <b>Developing businesses in new areas in which we can contribute</b> <ul style="list-style-type: none"> <li>● Creating employment through new development projects</li> </ul>	<ul style="list-style-type: none"> <li>● Monitoring indicators</li> <li>● Monitoring indicators</li> </ul>
<b>S</b> Development of human resources, the source of value creation <sup>3</sup>	It is our personnel who create the value of our company. In addition to efforts to develop personnel who take the initiative to learn and take on new challenges, we are working to make JR Kyushu a company that is easy and satisfying to work in. Creating an environment where diverse personnel can thrive will further increase the value of the JR Kyushu Group as a company and lead to sustainable growth.	<b>Advancing personnel strategy</b> <ul style="list-style-type: none"> <li>● Employee engagement</li> <li>● Diversity (promoting women's participation and advancement in the workplace)</li> <li>● Comfortable environments that are easy and satisfying to work in</li> <li>● Health management</li> <li>● Re-skilling support</li> </ul>	<ul style="list-style-type: none"> <li>● Results of employee attitude survey Continued YoY improvement</li> <li>● Exchanges of opinions between executives and employees 40 times per year or more</li> <li>● Ratio of female employees among new employees 30% or more</li> <li>● Ratio of female managers (end of FY2031/3) 10% or more</li> <li>● Ratio of male employees who take childcare leave 50% or more</li> <li>● Ratio of special health guidance given to relevant employees 80% or more</li> <li>● Development of employees skilled in digital technologies 500 people or more</li> <li>● Participation in external distance learning 500 people or more per year</li> </ul>
<b>G</b> Sound corporate management	We strive to achieve highly effective corporate governance to ensure transparency and fairness in our management. We will also work to enhance mutual communication with our stakeholders and build steady, long-standing relationships of trust.	<b>Enhancing communication with stakeholders</b> <ul style="list-style-type: none"> <li>● Institutional investors</li> <li>● Individual investors</li> <li>● Customers</li> <li>● Local communities</li> </ul>	<ul style="list-style-type: none"> <li>● Continuing to hold financial results presentations, etc.; sharing of investors' opinions at meetings of the Board of Directors</li> <li>● Large meetings (IR Day events) offering opportunity to talk with outside directors 1 or more events per year</li> <li>● Offering opportunities for exchange, such as presentations, tours, etc. 5 or more times per year</li> <li>● Discussions with customers 10 or more times per year</li> <li>● Building sustainable relationships with local communities</li> </ul>

\*1. Accidents for which the Group is responsible \*2. Survey of actual conditions for station/conductor service, conducted by an outside party (a perfect score is 100 points) \*3. Objectives/indicators related to the development of human resources are for JR Kyushu

# JR Kyushu Group Medium-Term Business Plan 2022-2024

## Principles of our Medium-Term Business Plan

The business environment surrounding the JR Kyushu Group has been changed dramatically by COVID-19, further increasing the uncertainty of what business conditions we can expect in future.

When we established the 2030 Long-Term Vision and the JR Kyushu Group Medium-Term Business Plan 2022-2024, we focused on major changes in the external environment that are anticipated in the period up to 2030 and how values regarding the concept of well-being will change among the people who will be impacted by those changes, as well as considering future scenarios in anticipation of extreme changes, so that we can achieve the 2030 Long-Term Vision and become what we aim to be despite these conditions.

### Major changes in the external environment that are anticipated in the period up to 2030

#### Social issues on which we are focusing

- Increasing severity of natural disasters accompanying climate change
- Shift toward de-carbonized society
- Declining population and growing difference in population between major cities and under-populated areas

#### Assumptions about economic activity

- Resolution of the COVID-19 pandemic
- Further acceleration in digital consumption and in the consumption of intangible products and services
- Changes in working styles, such as the adoption of remote work
- A certain level of recovery in non-resident and mobile population

### Changes in people's values regarding the concept of well-being

#### Mind

- In addition to financial reserves (a certain level of ease in household finances), people are also pursuing "ease" in terms of time and space.
- There is a trend toward the establishment of lifestyles in which the accelerating consumption of intangible products and services facilitates the experience of happiness (fun, amusement).

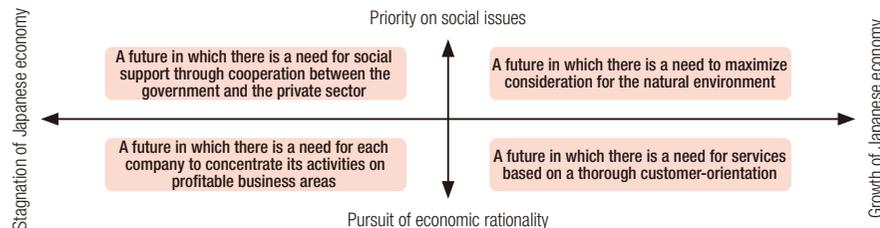
#### Body

- In addition to physical protection from natural disasters, people are increasingly aware of self-protection in the area of hygiene in order to avoid suffering from a calamity and increasingly aware of health maintenance.

#### Society, Environment

- People are pursuing work and study environments that are aligned with lifestyles.
- People are reaffirming the importance of connections with others and of social communities, and they value social connections.
- There is a trend toward the development of altruistic values and norms, such as environmental conservation.

### Future scenarios that anticipate extreme changes in values regarding the concept of well-being



We determined that the following two policies would be necessary in order to realize the 2030 Long-Term Vision. Policy 1 is "Implementing city-building initiatives for the realization of well-being, with consideration for changes in values." Policy 2 is "Expanding areas we work in that contribute to the sustainable development of Kyushu."

### 2030 Long-Term Vision

**We will contribute to the sustainable development of Kyushu through city-building initiatives that leverage the distinctive characteristics of local communities, centered on safe and secure mobility services.**

### Policies for the realization of the 2030 Long-Term Vision

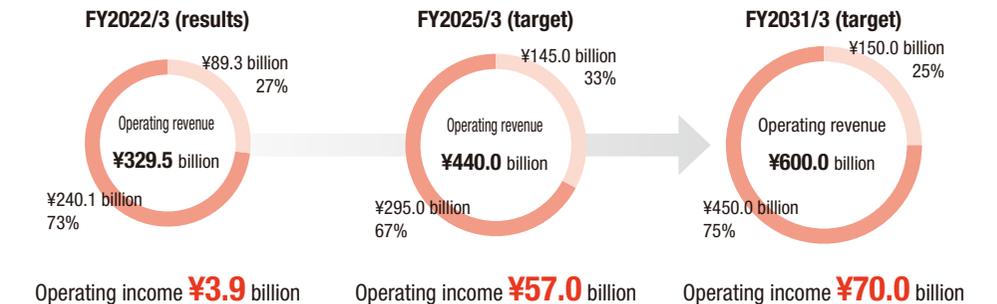
- Policy ① Implementing city-building initiatives for the realization of well-being, with consideration for changes in values
- Policy ② Expanding areas we work in that contribute to the sustainable development of Kyushu

### Steps toward the realization of the long-term vision

The Group has been damaged by COVID-19, and we have positioned the period of this plan as an important stage for working to rapidly return the Group to a growth track. Then, in the period following the plan, we will aim to realize sustainable growth by expanding/strengthening the community by leveraging synergies among city-building initiatives and new fields in which we can contribute.



Categories of operating revenues : Railway transportation revenues (light red) Other revenues (dark red)



\* Forecasts for FY2022/3 were used at the time our Medium-Term Business Plan was announced (March 23, 2022). These have now been replaced with the actual figures (P18-21).

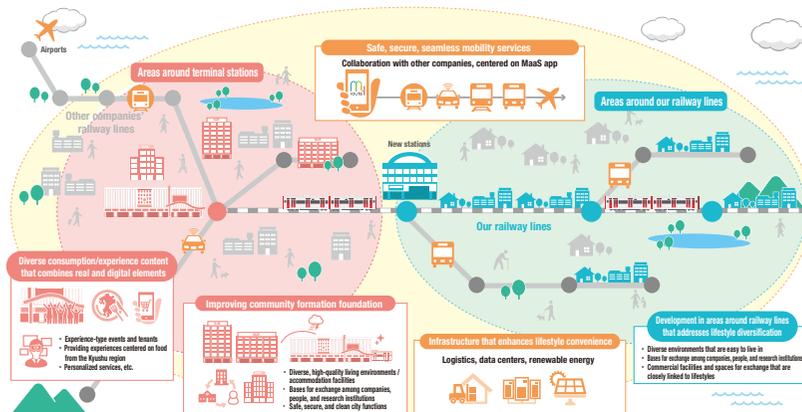
## Policies for the realization of the 2030 Long-Term Vision

### Policy ①: Implementing city-building initiatives for the realization of well-being, with consideration for changes in values

We will progress beyond conventional city-building and to move forward by “implementing city-building initiatives for the realization of well-being, with consideration for changes in values.” We will divide Kyushu into two major areas for the advancement of enhanced city-building.

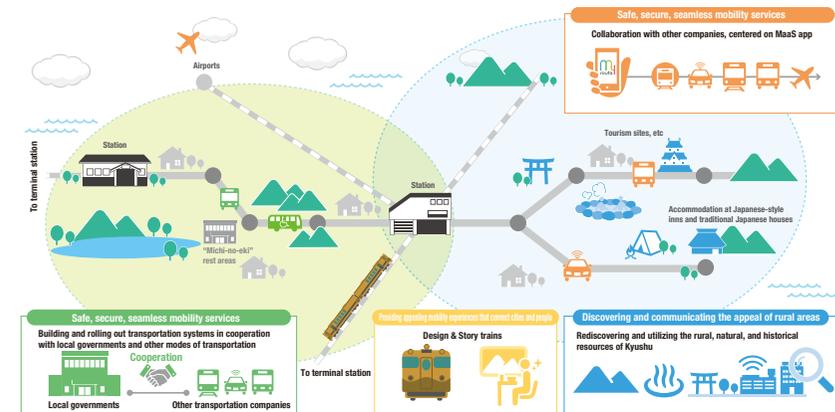
#### City-building initiatives in areas around our terminal stations and railway lines

We will provide comprehensive value with a focus on well-being, centered on terminal stations and areas around railway lines, and build cities where people want to live, work, and visit.



#### City-building initiatives in local regions

We will work in cooperation with local governments and other modes of transportation to build and introduce sustainable transportation infrastructure. In addition, we will rediscover and make effective use of regional resources. In these ways, we will aim to expand the non-resident population.



### Policy ②: Expanding areas we work in that contribute to the sustainable development of Kyushu

With consideration for the strengths that the Group has cultivated through its existing businesses, we will expand areas we work in that contribute to the sustainable development of Kyushu, which is our principal business region.

#### The Group's strengths

##### Brand strength, creditworthiness

- Ongoing commitment to regional development
- Providing safety and security, our mission as an infrastructure company
- Providing highly original designs/services, such as the cruise train Seven Stars in Kyushu and Design & Story trains

##### Customer base

- Base of customers from mobility services
- Points of contact with customers through station building tenants with sales in excess of ¥200.0 billion

##### Railway network/network

- Network of railway lines and bases that extends throughout Kyushu
- Connections with government / local communities

##### Human resources (technical capabilities, administrative capabilities)

- Planning and implementation capabilities for building attractive cities
- Technical capabilities / customization capabilities cultivated through the railway business
- Management capabilities in diverse businesses
- Operations capabilities cultivated in multiple front-line settings

##### Assets

- Idle assets, such as space under elevated railway tracks
- Real estate, buildings such as station buildings, etc.

##### Financial base

- Sound financial base that makes it possible to implement aggressive growth investment

Contributing to the environment

Contributing to the regional economy

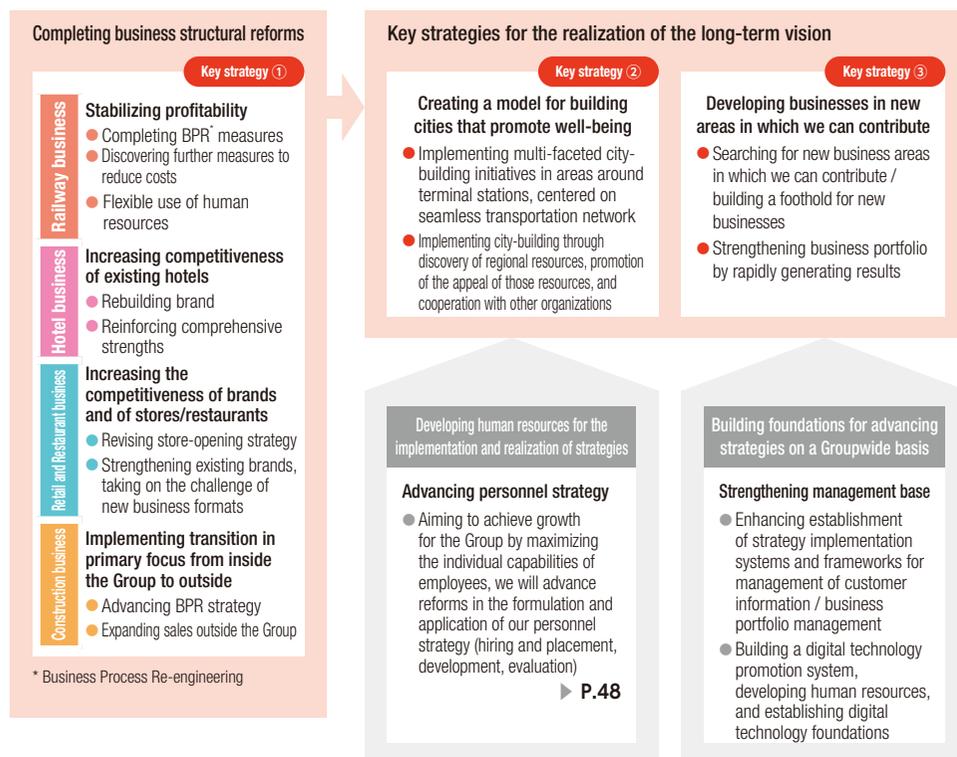
Contributing to local communities

- Revitalizing business in Kyushu
- Implementing Initiatives for the realization of a de-carbonized society
- Re-improving strong social infrastructure
- Government / local government support

## Key strategies of the medium-term business plan

The JR Kyushu Group has been damaged by COVID-19, and we have positioned the period of this plan as an important stage for working to rapidly return the Group to a growth track. The plan encompasses three strategies: in addition to completing business structural reforms that we have been working on during the pandemic, we will be creating a model for building cities that promote well-being and developing businesses in new areas in which we can contribute based on our policies for the realization of the 2030 Long-Term Vision.

We are also working on developing human resources for the implementation and realization of strategies and building foundations for advancing strategies on a Groupwide basis for the realization of the long-term vision.



## Numerical management targets and shareholder return policy

In the final fiscal year of the period of the plan, we are aiming for operating revenues of ¥440.0 billion. For operating income, we are aiming for ¥57.0 billion, the same level as in the final fiscal year of the previous plan.

### Numerical targets (billions of yen)

	FY2022/3 (results)	Fiscal year ending March 2025 (plan)
Operating Revenue	329.5	440.0
Operating Income	3.9	57.0
EBITDA	30.7	94.0
[Reference] ROE	3.4%	More than 8%

### Numerical targets by segment (fiscal year ending March 2025) (billions of yen)

Segment name	Operating Revenue	Operating Income
Transportation	163.0	17.0
Real Estate and Hotels	133.0	27.0
Retail and Restaurant	65.0	3.0
Construction	95.0	7.0
Business Services	80.0	4.0

**Shareholder return policy** JR Kyushu places importance on the stable provision of return to shareholders over the long term. Over the period to FY2025/3, we will aim for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93.0. We will flexibly implement share repurchases as necessary.

## Investment plan

Over the period of this plan, we will accelerate growth investment, principally utilizing our debt capacity, while maintaining financial soundness. In addition, we will work to secure safety and to advance efficient maintenance and upgrade investment.

### Capital investment plan (billions of yen)

Type of investment	FY2020/3-FY2022/3 (results)	FY2023/3-FY2025/3 (plan)
Growth investment <b>A</b>	161.5	225.0
Maintenance and upgrade investment <b>B</b>	99.6	115.0
Safety Investment	57.5	58.0
Total	261.2	340.0

### Major investment projects during the period of the plan

Growth investment <b>A</b>	Maintenance and upgrade investment <b>B</b>
<b>Real estate / hotel related</b> <ul style="list-style-type: none"> <li>● New Nagasaki Station building</li> <li>● Kagoshima-Chuo Station west entrance development</li> <li>● Ureshino Japanese-style inn development</li> <li>● Project for utilizing the space above the tracks at Hakata Station</li> <li>● THE BLOSSOM KYOTO</li> <li>● Toranomon 2-chrome office development</li> </ul> <b>M&amp;A initiatives targeting the development of businesses in new business areas in which we can contribute</b>	<b>Railway business related</b> <ul style="list-style-type: none"> <li>① Projects related to the Nishi-Kyushu Shinkansen</li> <li>● New production of Shinkansen rolling stock</li> <li>② Operations / maintenance reform</li> <li>③ Safety investment</li> <li>● Updating 811 series main circuit</li> <li>● New production of the DD200 locomotives</li> <li>● New production of YC1 series rolling stock.</li> <li>● Self-driving related</li> </ul>

Investments that contribute to increases in environmental value (included in the above-mentioned growth investment and maintenance and upgrade investment): approximately ¥60.0 billion  
 \* Based on projects that are eligible for the Green Bond framework, etc.

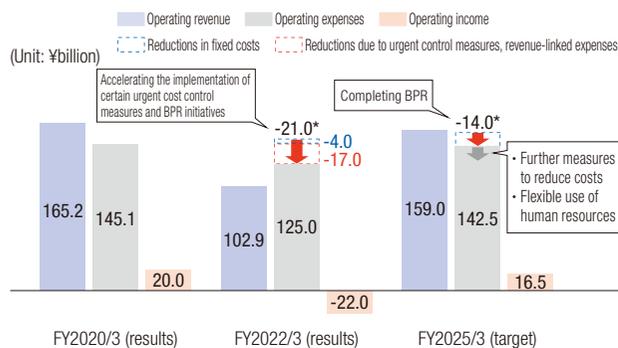
**Key strategy ①**

**Completing business structural reforms**

In the railway business, we will aim to realize a sustainable, stably profitable structure through the completion of BPR, for which we are currently implementing initiatives, and the implementation of further cost reductions. In future, we will accelerate our initiatives to build a sustainable transport network, such as taking our DX to the next level and considering new technologies to adopt.

In other businesses, we will advance initiatives targeting a rapid recovery from the influence of COVID-19.

**Railway business**



\* Cost reductions are vs. FY2020/3 and exclude special factors.

**The Future Railway Project**

**Creating the railway of the future to drive city-building in Kyushu**

In April 2022, we launched a new internal project to the railway of the future to drive city-building in Kyushu by bringing about evolutions in mobility and strengthening the capabilities of our business based on the slimming down of our railway business through our BPR.

We set up a team with members from throughout our organization to discuss the various points that need to be considered, such as future transportation systems, future services, and future equipment. Our initiatives for the evolution of our railways go beyond cost reduction and include active investment in growth, innovations in operational and maintenance technology, and new revenue streams.

The project is employee-driven, with employees recruited from a wide range of areas, including operations facilities.

**Key strategy ②**

**Creating a model for building cities that promote well-being**

**Feature**  
Local Community Invigoration  
Sustainable city-building

▶ P.26

Over the period of the plan, we will make it a priority to create a model for building cities that promote well-being in the western Kyushu area, with the opening of the Nishi-Kyushu Shinkansen as a trigger, and in the Fukuoka area, where we will position the extension of the Fukuoka City Subway's Nanakuma Line as an opportunity.

We are also working to roll out MaaS services throughout Kyushu and build a model for sustainable mobility services.

**Extension of Fukuoka City Subway's Nanakuma Line**  
(March 2023)

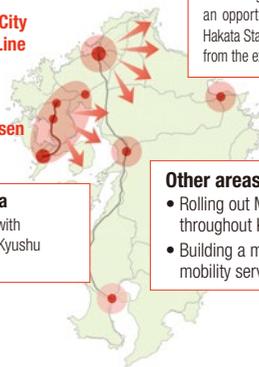
**Opening of the Nishi-Kyushu Shinkansen**  
(September 2022)

**Western Kyushu area**  
Advancing city-building, with the opening of the Nishi-Kyushu Shinkansen as a trigger

**Fukuoka area**  
Advancing city-building, positioning as an opportunity the enhancement of the Hakata Station terminal functions resulting from the extension of the Nanakuma Line

**Other areas**

- Rolling out MaaS services (my route) throughout Kyushu
- Building a model for sustainable mobility services

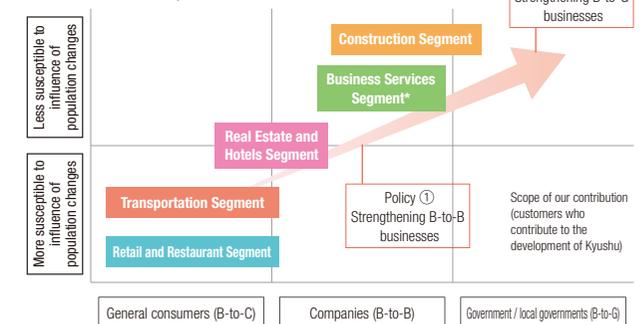


**Key strategy ③**

**Developing businesses in new areas in which we can contribute**

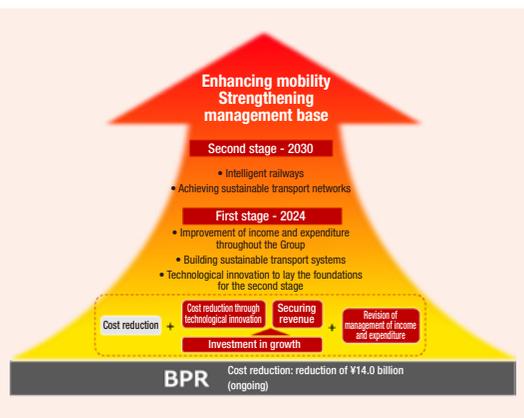
For the sustainable development of Kyushu, after reorganizing our structure by revising our business segments, we will work to strengthen B-to-B businesses and B-to-G businesses. In this way, we will aim to expand the scope of our contribution and to enhance sustainability.

Business sustainability risks related to changes in the environment (extent to which Kyushu's resident and non-resident population will have an effect on businesses)



\*Name changed in fiscal year ending March 2023

- ① Strengthening B-to-B businesses**
  - We will strengthen B-to-B businesses, centered on the Construction Segment and Business Services Segment.
  - We will aim to grow these businesses into a pillar of the Group's operations, along with B-to-C businesses, by actively strengthening M&A, expanding areas, etc.
- ② Strengthening B-to-G businesses**
  - Leveraging the strengths of the entire Group, which have been cultivated through multi-faceted strategies, we will search for business areas in which we can develop a competitive edge and expand our businesses.



## Message from the CFO

### Working to create value in both financial and non-financial forms to achieve sustainable long-term growth.

We are heavily implementing our key strategies to complete our structural reforms and realize our long-term vision, with the aim of creating economic and social value.

#### Becoming CFO during the pandemic

It has been two and a half years since COVID-19 began ravaging the world and impacting societies and economies. At the beginning of the pandemic, we didn't even know what this virus was or how it affected people's health. We took a variety of measures in rapid succession, starting with measures to ensure the safety of our passengers and staff. In addition to ensuring capital to operate the railway, we began initiatives to mitigate the crisis for our trading partners, such as giving rent discounts to the tenants of our commercial facilities. People are no longer being ordered to stay at home, but while the flow of people has recovered to a certain extent, it's been one step forward and one step back for JR Kyushu, since people's movement is affected by the number of cases of COVID-19. Looking back on the last two and a half years, changes that I thought would happen gradually over the next ten years—such as the popularization of remote work, online meetings, online shopping and food delivery services—have happened all at once. It's caught us off guard.



Chief Financial Officer

**Takuma Matsushita**

When people's movement stopped, our sales plummeted, causing major damage to businesses like railways that have a high ratio of fixed costs. It also reversed the positive cycle we had been creating where increases in railway passengers increased the revenue and profits of the businesses around the stations.

But we refused to let a crisis happen without turning it into an opportunity, and drastically reformed the structure of our business, particularly our railway business. Our management were communicating with our employees almost every week about how we should handle the circumstances we found ourselves in, and when we asked for ideas from employees for ways to reduce costs, we received around 4,000. I think our employees saw this crisis as their problem and that made them think about ways to get through it. Through our project to reduce fixed costs, which we call BPR (business process re-engineering), we saved 4 billion yen in the previous fiscal year. In the current fiscal year (FY2023/3), we expect to reach our target of a 14 billion yen cost reduction, around 10% of our fixed costs. We are also working to strengthen our business portfolio, which suffered a downturn due to its dependence on a flow of people in stations, by spreading our wings in areas of business that are not dependent on a flow of people, such as logistics facility leasing. We have also seconded employees to various companies in response to the temporary decrease in operations here due to COVID-19. Through these strategic opportunities to play on another field, these employees have gained experience and knowledge that they would not have gained in the JR Kyushu Group, and have become forces to be reckoned with as a result. There is no doubt in my mind that these employees will be foundational in achieving our 2030 Long-Term Vision and the next stage of growth.

While the battle with COVID-19 is not over yet, the JR Kyushu Group has begun working on major transformation and evolution to adapt to the major social and economic changes that have taken place over the last two and a half years.

## Evaluation of our results

In the fiscal year ended March 2021, the year COVID-19 hit its stride, we ended up with a massive operating loss of 22.8 billion yen despite taking emergency measures to reduce costs and limit spending in response to the rapid changes in our business environment.

In the fiscal year ended March 2022, however, our consolidated operating revenue increased 12.1% year-on-year to 329.5 billion yen, bringing us back into the black with operating income of 3.9 billion yen. Businesses that have remained comparatively strong during the pandemic, such as our real estate lease and sale businesses, our construction business, and our B-to-B business, were the foundation of this profit, while the rapid measures we took, such as BPR and other cost reduction and the reviews of our discount tickets, clinched our success. Another major contributor to this profit was our quick action to lay the foundations of a cyclical investment model, including the establishment of our asset management company at the start of the fiscal year and the commencement of our private REIT in March at the end of the fiscal year.

I think a company needs to be a going concern and that there needs to be a balance between securing profit each year and making investments that will yield profit in the long term. In that sense, too, I am pleased with the way we spent the last fiscal year steadily making long-term investments while also turning a profit despite these difficult circumstances.

## JR Kyushu Group Medium-Term Business Plan 2022-2024

One characteristic of our latest Medium-Term Business Plan is that we established it by envisioning multiple future scenarios that could occur by 2030 (the target year of our long-term vision) and then thinking backwards to determine the strategies we need to put in place to ensure that we will be able to handle whatever the future brings. We spent some time considering how COVID-19 has changed society, the economy, and people's values about wellbeing, and the impacts it is likely to have in future.

After multiple discussions by the Board of Directors, we have positioned the three years of this Medium-Term Business Plan as a period for returning to a growth track and the period from 2025 to 2030 realizing sustainable growth.

## Our three key strategies

The urgent issue of business structural reforms is the first key strategy in this Medium-Term Business Plan. In addition to the BPR in our railway business, we will likewise take concrete measures in our hotel business, another business with a high ratio of fixed costs, including reviewing our branding.

After laying the foundations for growth by completing business structural reforms (**key strategy ①**), we will employ two strategies for realizing our long-term vision: creating a model for building cities that promote well-being (**key strategy ②**), particularly in the Western Kyushu and Fukuoka areas, and developing businesses in new areas in which we can contribute (**key strategy ③**), such as BtoB and BtoG. (Refer to P.21 for details on these strategies.)

While Kyushu's population is expected to decrease, we can increase the resident population, non-resident population, and employment in areas around our railway lines by drawing on the comprehensive strengths of the JR Kyushu Group to carry out city-building initiatives centering on transport networks. If people are gathering in those areas for various purposes, this will make the areas more resilient, and make the JR Kyushu Group more resilient too. I also think we can further contribute to sustainable development of Kyushu as a company rooted in the area by applying the strengths we have built so far in new areas of business.

### Financial strategies

#### Consolidated numerical targets (FY2025/3)

Operating Revenue	Operating Income	EBITDA	(Reference) ROE
¥440.0 billion	¥57.0 billion	¥94.0 billion	More than 8%

I think the JR Kyushu Group needs to strike a balance between fulfilling its social responsibilities as a business that provides support in the lives of people in Kyushu and creating economic and social value. I see operating revenue as an indicator of the degree to which the products and services we provide are helping many people, and operating income as evidence of added value that the JR Kyushu Group has created. This is another sense in which those two targets are important. Our operating income target of 57.0 billion yen was our original target for the fiscal year ended March 2022 in our previous Medium-Term Business Plan. That target ended up being retracted due to COVID-19, but now we are aiming to return to a growth track and our target in this plan reflects that. It will certainly not be an easy target given the business conditions created by COVID-19, but we've committed to achieving it and the whole of the JR Kyushu Group will work together on efforts to that end.

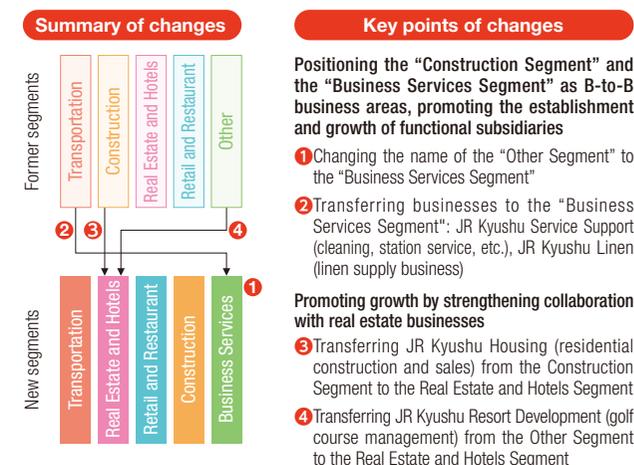
At the same time, we have set an ROE target of 8% or more as an indicator of the efficiency and profitability of our business,

based on our cost of equity. The most important thing will be to achieve recovery in our returns by working on the key strategies I mentioned earlier throughout the three years of this Medium-Term Business Plan. We are taking bold action toward future growth, with plans to make growth investments of 225.0 billion yen for projects such as the development of the new Nagasaki Station building to coincide with the opening of the Nishi-Kyushu Shinkansen and the development of the area around Kagoshima-Chuo Station. Obviously we will be conscious of capital efficiency as we make these investments, and investment decisions will be made according to strict criteria upon discussions with the Board of Directors. We will not make just any investments for the sake of profit. As CFO, I too have a duty to carefully discern which risks are worth taking.

This Medium-Term Business Plan forecasts operating cash flow of 230.0 billion yen and capital investment of 340.0 billion yen. Although capital investment is higher than operating cash flow, this is based on the presumption that we will utilize our debt capacity to accelerate our growth investments and set minimum amounts for stable shareholder returns. With that said, our capital adequacy ratio has decreased by about 10% during the two years of the pandemic, which is highlighted that if we were to plan for another pandemic like this one, we would need to maintain a certain capital adequacy ratio. For this Medium-Term Business Plan, therefore, we have set a capital adequacy ratio of approximately 40% and a D/EBITDA rate of approximately 5 times. The private REIT that we have commenced is an option for investing in a balance between financial soundness and greater capital efficiency, and we are always conscious of making use of it when selling and acquiring real estate.

Revising our business portfolio is another important financial strategy for capital investment. While we have sold businesses and carried out M&A thus far, our business portfolio is not complete. We will continue to revisit it, consider whether there is a better structure for each business, and invest in improving our long-term value as a company.

### Change in segment classifications (as of April 1, 2022)



### Non-financial value represents future financial value

When we consider the sustainable growth of the JR Kyushu Group from a long-term perspective, non-financial value is a vital element in creating financial value in future. The JR Kyushu Group has always conducted its business activities according to a vision of what we aim to be and the three pillars of conduct that we have established in order to realize it, striving to build a sustainable society and improve our value as a company. When we created this Medium-Term Business Plan, we revised our material issues based on our backcasting from 2030, and set and announced non-financial KPIs based on the three elements of ESG. I feel that this has reaffirmed how the perspective of sustainability is connected to the JR Kyushu Group's management policies and business strategies. The non-financial component will play a significant role in the improvement of the JR Kyushu Group's value as a company and as CFO I will do everything I can to visualize this component to the greatest extent possible.

In terms of the environment, we have announced that we are aiming to achieve net-zero CO<sub>2</sub> emissions by 2050, and we need to take a long-term view and work toward this goal.



In February 2021, we disclosed information based on the TCFD recommendations, and we have now conducted an analysis of the 1.5°C scenario and a quantitative evaluation of some of the financial impacts. In terms of our CO<sub>2</sub> emissions, while our volume of scope 2 emissions from the usage of electricity to operate our trains is high and will largely depend on the composition of power sources used by our electricity suppliers, we will continue our thorough reduction of energy usage, and we are considering measures such as the adoption and use of renewable energy. Meanwhile, we are conscious of the need for a change in energy sources to reduce our scope 1 emissions created by the use of diesel in equipment such as our diesel rolling stock. As we work to achieve net-zero CO<sub>2</sub> emissions by 2050, we will explore various options while giving proper consideration to future trends in technology



and economic viability. In this Medium-Term Business Plan, in addition to continuing to invest in energy-saving rolling stock, we aim to acquire green building certification for our Real Estate and Hotels Segment so that we can improve the environmental value of this segment and increase the value of future assets. We see our environmental initiatives as business opportunities, and aim to approach them as a way of "playing offense" as much as anything else.

And most of all, we are conscious that it is employees who achieve our various business strategies. Whether you look at where we are right now, where we'll be in 2030, or what we'll do after that, employee development is the most important point, in my opinion. It's a matter of how we'll get the employees we need for our business strategies and how we'll train them. I want human resources strategies to be the greatest focus during this Medium-Term Business Plan, and am already working on reforming our human resources systems.

Human resources strategies are an investment in the future. As CFO, I will reform our systems based on the changes we have seen in society and individuals' values so that employees can be sure that their efforts and results will be rewarded, and work on both financial and non-financial initiatives to turn that into sustainable long-term growth for the JR Kyushu Group.

## Closing

I place immense importance on communication with our shareholders and investors. I have had many conversations with shareholders and investors since I became CFO, which have given me many insights and things to think about in depth. Opinions and feedback are not only reported to the Board of Directors, but applied to internal operations where necessary and incorporated into future strategies and measures.

Another important role of mine is to make sure everyone is aware of the JR Kyushu Group's policies and ESG initiatives and how they are connected to our corporate values. I aim to increase the quality and quantity of our conversations and provide more in-depth communication. The Group has been damaged by COVID-19, and the period of this plan is an important stage for working to rapidly return the Group to a growth track. We will work steadily on this Medium-Term Business Plan with a long-term view and do everything we can to build a sustainable society and improve the JR Kyushu Group's value as a company.



- E Realization of a de-carbonized society
- S **Sustainable city-building**  
Safety and service, the foundation for all of our businesses  
Development of human resources, the source of value creation
- G Sound corporate management

## Local Community Invigoration Sustainable city-building

We approach our business with a strong sense of purpose as a corporate group that is invigorating Kyushu. Even if our business environment has dramatically changed, this mindset remains unchanged. Ever since we were first established, we have worked steadily to build a resilient railway and drawn on the comprehensive strengths of the JR Kyushu Group in proactive city-building and community development projects involving various facets of our business to create thriving communities with plenty of employment opportunities.

Our city-building and community development projects are about making Kyushu a place where people will want to live, work, and visit. The reason this is possible is because the JR Kyushu Group has deep roots in the communities and has grown with them. When communities are invigorated, the JR Kyushu Group is invigorated too. Sustainable development of communities leads to sustainable growth of our group.



# Topics The Western Kyushu area

## Maximizing the effect of the opening of the Nishi-Kyushu Shinkansen

Set to open on September 23, 2022, the Nishi-Kyushu Shinkansen has a total of around 66km of full (standard) tracks. At Takeo Onsen Station, passengers transfer to Shinkansen services on the same platforms as limited express services operating between Hakata and Takeo-onsen on the conventional line.

This new infrastructure will provide more options for traveling between the Western Kyushu area and the Fukuoka, Chugoku, and Kansai areas, and will play a key role in elevating not only the Western Kyushu area but Kyushu as a whole.

We will aim to maximize the effect of the opening of the Nishi-Kyushu Shinkansen by using it as a trigger for advancing development in the western Kyushu area over the period of the JR Kyushu Group Medium-Term Business Plan 2022-2024. Through initiatives such as the Saga and Nagasaki Destination Campaign

(October-December 2022), we will work together with communities to promote the region and attract high volumes of visitors to the whole of the Western Kyushu area. We will also carry out city-building initiatives in areas such as those around the Nishi-Kyushu Shinkansen line to create value in the Western Kyushu area.

In addition, there are many growth opportunities, including enhancement of urban functions such as arenas and stadiums, increases in the attraction of companies to the area, and enhancement of areas around stations by local governments. Accordingly, we will work together with local governments, other companies, etc., to invigorate the western Kyushu area.

**Operating the TWO STARS 4047 (new D&S train)**  
(September 2022)

- Operating on **two routes** between Takeo-onsen and Nagasaki, this "Western Kyushu sea tour train" makes a circuit around western Kyushu

**Japanese-style Inn Ureshino Yadoya**  
(fall 2023)

- Implementing development at Ureshino Onsen, one of Japan's top three hot springs for beautiful skin.
- Demonstrating consideration for the environment, such as binary power generation, use of heat from the hot springs, etc.

**Akane-sasu Hizenhamashuku**  
(January 2022)

- Accommodation facility created by renovating a private house owned by a sake brewer.

**Ekimachi 1-chome Saga**  
(Spring 2023)

- Full renewal of the area to the west of the elevated railway tracks at Saga Station

**New Nagasaki Station Building** (fall 2023)

- Implementing a multi-faceted development project as the land gateway to Nagasaki, an international tourism city. Including hotels (Nagasaki Marriott Hotel), commercial facilities, offices, parking lots, etc.
- Implementing environmental burden reduction, infection countermeasures, introduction of next-generation AI/CT.

**Nishi-Kyushu Shinkansen**

**Operating segment:**  
Between Takeo-onsen and Nagasaki (approximately 66km)

**Travel time**

**Hakata to Nagasaki**

Before opening	1 hour 50 minutes	30 minutes shorter
After opening	1 hour 20 minutes on fastest service	

**Shin-Osaka to Nagasaki**

Before opening	4 hours 29 minutes	30 minutes shorter
After opening	3 hours 59 minutes on fastest service	

### Interest from the community

**Nishi-Kyushu Shinkansen (Kamome) welcome ceremony** (January 2022)

- We welcomed the rolling stock that will be used for the service at Kawatana Port, together with local children.
- People gathered to watch Shinkansen cars being transported in areas along the line, such as adjacent roads and coastlines.

**Omura rail yard opened to the public** (March 2022)

- Around 2,600 people attended (chosen from a lottery of around 27,000 people)

**Test drive welcome ceremony** (May 2022)

- Members of the community welcomed the train at each station on the Shinkansen line.

## Working together with the community

Two D&S trains have already been introduced to Saga and Nagasaki, the two prefectures where the Nishi-Kyushu Shinkansen will be opened. Aru Ressha has been operating for some time, and the 36+3 (Sanju-Roku plus San) express service began operating in October 2020. 36+3 has been particularly popular with passengers for the unique enjoyment that was created together with members of the community, such as the hospitality provided at Hizen-Hama Station.

After the opening of the Nishi-Kyushu Shinkansen, 36+3 will operate between Hakata and Sasebo and a new D&S train, TWO STARS 4047, will operate between Takeo Onsen and Nagasaki. The combination of the Kamome Shinkansen and these D&S services will broaden the scope of tourism in the Western Kyushu area and provide more options for traveling around the area. The effects of the Nishi-Kyushu Shinkansen will not be measured in points on a map; they will ripple across the whole of the Western Kyushu area.



36+3 (Sanju-Roku plus San) express service

### Feature



In June 2022, we started the **Western Kyushu Tourism and City-building Award**. This award will honor people and organizations who **raise the profile of the region** through initiatives that preserve the region's traditions. This award will be a way for JR Kyushu to take the lead in **promoting the Western Kyushu area** and getting people interested.

## Ensuring that the whole area benefits from the Shinkansen opening

The Western Kyushu area, which encompasses Saga and Nagasaki Prefectures, has a wealth of tourist spots, but tourism marketing tends to promote the same places every time. The Nishi-Kyushu Shinkansen will provide faster access to areas that have previously been difficult to include in tourism marketing, such as the Shimabara Peninsula, offering a wider range of options that can feasibly be recommended.

In the product development process, we gained many new insights that we ourselves hadn't been aware of, such as initiatives carried out by community members and great things about each community. By sharing all those points of appeal, we can grow the fan base not only for the Western Kyushu area but for Kyushu as a whole.

Tourism promotion is about creating local assets. We want to work on creating true appeal that will outlast trends, so that we can invigorate each region and Kyushu as a whole.



**Atsushi Hori**  
Deputy Manager Marketing and Sales Planning Division  
Marketing and Sales Department  
Railway Operations Headquarters

## Progress in city-building initiatives

Creating a model for building cities that promote well-being is one of the key strategies for the realization of the long-term vision that are being employed in our current Medium-Term Business Plan. In the Western Kyushu area, we will focus on measures such as implementing multi-faceted city-building initiatives in areas around terminal stations, centered on a seamless transportation network, along with discovery of regional resources, promotion of the appeal of those resources, and cooperation with other organizations. Our New Nagasaki Station building project includes integrated development of facilities such as a hotel (Nagasaki Marriott Hotel), commercial facilities, offices, and parking areas, and includes measures to reduce environmental impact, prevent the spread of infectious diseases such as COVID-19, and introduce the next generation of AI and ICT. We are also carrying out a total renewal of the western side of Ekimachi 1-chome Saga, based on the concept Saga Hatsu, Saga Hatsu (From Saga, The First in Saga). This project seeks to create facilities that will be useful for tourists, business travelers, and members of the communities around the stations alike. Our opening of Akane-sasu Hizenhamashuku in January 2022 will be followed by further development of the areas around the Nishi-Kyushu Shinkansen line, such as the opening of Ureshino Yadoya, a traditional Japanese-style inn, in the fall of 2023.

The aim of initiatives like these is to create synergies between the Nishi-Kyushu Shinkansen, the new D&S train—TWO STARS 4047—and advances in mobility, such as the expansion of MaaS services, and in doing so, expand employment, resident populations, and visiting populations.



Image of Ureshino Yadoya Japanese-style Inn

## Members of the community

Residents of Kashima were concerned about the fact that the section of the Nagasaki Main Line from Hizen-Yamaguchi to Isahaya will no longer be under the same management as the rest of the line. To alleviate those concerns, we have worked on promoting tourist trains and creating a tourist plan for passengers boarding or alighting at Takeo-onsen, Ureshino-onsen, and Shin-Omura Stations. A new D&S service, TWO STARS 4047, is scheduled to commence with the opening of the Nishi-Kyushu Shinkansen, which is expected to attract more people to the southwestern area of Saga Prefecture. We also plan to use the development of the new Shinkansen stations as the starting point for developing an intermodal public transport network. We will make use of features such as Yutoku Inari Shrine, Hizenhamashuku and the mudflats on the Ariake Sea coast to attract more visitors to the area and elevate Western Kyushu as a whole.



**Yuichiro Nakamura**  
Chairman  
Kashima City Tourism Association

Obama Onsen is a hot spring village that has been open for 1,300 years. The Iseya inn in the center of the village has a history dating back to 1669. In 2019, it was reopened as a new style of inn combining a saltwater hot spring with inventive and delicious cuisine.

The opening of the Nishi-Kyushu Shinkansen this fall will enable passengers to get from Hakata to Nagasaki 30 minutes faster than before, and with Obama Onsen less than an hour away from Nagasaki Station or Isahaya Station by car or bus, visitors can relax in a hot spring there after sightseeing in Nagasaki City. We will work on hospitality initiatives throughout the area so that visitors can get even more out of their train trip to Nagasaki.



**Haruna Kusano**  
Proprietress  
Iseya, Obama Onsen

# Topics Transitioning to BRT for the Hitahikosan Line

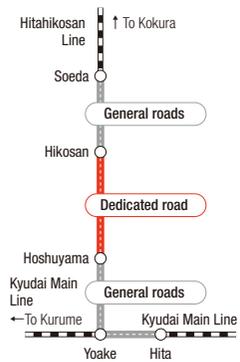
## Hitahikosan Line to reopen as the BRT Hikoboshi Line in summer 2023

The area of the Hitahikosan Line between Soeda Station and Yoake Station, along with the area between Yoake Station and Hita Station, was damaged so severely by heavy rain in northern Kyushu in July 2017 that it was left unusable. In July 2020, it was decided that the line would be reopened as a BRT (bus rapid transit) system.

With the cooperation of the communities around the line, we are preparing to open the line in summer 2023, with the aim of developing a BRT system that is kind to people, communities, and the future.

### About the BRT on the Hitahikosan Line

The Hitahikosan BRT uses a dedicated road between Hikosan Station and Hoshuyama Station (14.1km). The sections between Soeda Station and Hikosan Station and between Hoshuyama Station and Hita Station use general roads passing through residential areas, providing greater convenience for the community.



**Concept**  
**Kind to people, communities, and the future**  
 We want the BRT to be a positive force for customers and communities, an environmentally friendly mode of transport, and the key to a future where communities around our railway lines can live amid abundant greenery.

**Nickname**  
**BRT Hikoboshi Line** (official name: Hitahikosan Line BRT)  
 Hikoboshi is the Japanese name for the star Altair, one of the two stars celebrated during Japan's Star Festival (Tanabata). We nicknamed our BRT line this in the hope that it will be a guiding light for the future of the communities around the Hitahikosan Line.

### Plan for BRT stations

We are planning to open a total of 37 stations in the area between Soeda Station and Hita Station. The use of a dedicated road will ensure regular services, and the stations will be located near key facilities in the community, such as schools and hospitals, to provide communities with a more convenient public transport system.



### Progress of construction

Despite the damage caused to many areas of the Hitahikosan Line by the heavy rains in northern Kyushu in July 2017, our team has finished removing the old tracks and carrying out recovery work such as embankment work in the area that will be used for the dedicated road (between Hikosan Station and Hoshuyama Station), and have almost finished building the subgrade for the dedicated road.

They are currently working on upgrading infrastructure such as Meganebashi Bridge, as well as upgrading Soeda Station, which will offer cross-platform transfers between the BRT and the railway line, and building roadbeds in some areas.



After the disaster



Now (June 2022)

### Design

The basic design was created by the team of JR Kyushu employees who are carrying out the construction work, most of whom are young workers. They communicated with members of the community while coming up with the design, and are continuing to refine various elements. Forest green was chosen as the base color to reflect the abundant nature of the area.

### Logo

The logo represents the concept of "shining bright together". The nickname Hikoboshi (the Japanese name for the star Altair), symbolizes our hope that this service will light the way through Soeda Town, Toho Village and Hita City, connecting people with the tangible and the intangible and brightening the communities with new sources of appeal.



### BRT stations

Some of the BRT stations will have waiting booths. Wood materials are used to express the unique characteristics of each region, creating cozy spaces that each have their own character. The other BRT stations will feature station signs unique to the BRT Hikoboshi Line that capture the essence of Soeda Town, Toho Village, and Hita City.



### Community initiatives

We communicated with the communities around the line in various forms during the design process, including inviting local government members from those communities to be observers. In fall 2021, we worked together with members of the communities to set up three walking routes called Hitahikosan Line Connection Walks as part of our JR Kyushu Walking initiative. These routes showcased appealing areas around what will become the BRT line. In July 2022, in keeping with the nickname of our BRT line, we put up Star Festival decorations together with elementary and middle schools in the communities around the line. These are just a few of the ways we have worked with the community to create a buzz about the opening of this line.



### Caring for the environment

#### Electric buses

We plan to operate environmentally friendly electric buses on the BRT line, and preparations are already underway. These buses will be a symbol of our vision for the BRT Hikoboshi Line as a public transport system that is kind to the environment.



#### Resource recycling initiatives

The rails of the former railway line were cut up and used as piles in the foundations of the dedicated road. The ballasts were mixed with gravel and repurposed for the foundations of the paving.



## Topics MaaS

### Initiatives for MaaS and mobility services

We believe that mobility as a service (MaaS) will play a major role in the establishment of sustainable mobility services. The JR Kyushu Group launched its first MaaS initiative in the Kitakyushu area in May 2019, and have since expanded it to various areas of Kyushu.

In February 2022, we set up a Nishitetsu Bus commuter pass counter next to the JR Kyushu ticket office at JR Kyushu Tobata Station in Kitakyushu City. The Kitakyushu City government has also been making various upgrades to the plaza outside the station, including expanding the bus parking area, to make the city's public transport more convenient.

In March 2022, we signed an agreement for a joint initiative between JR Kyushu, Kyushu Sanko Bus Co., Ltd. and TakuRoo Co., Ltd. to make Kumamoto Prefecture's transport services more convenient and build sustainable transport networks. We have also been rolling out MaaS using a MaaS app called myroute to broaden the effect of the Nishi-Kyushu Shinkansen. The service was launched in Saga Prefecture in January 2022 and has since been expanded to Nagasaki Prefecture.

We aim to roll out broader, more in-depth MaaS measures in future, and are strengthening our alliances with other organizations, including other transport providers, regional tourism associations, local government bodies, and tourist facilities, to make that happen.

#### Progress on MaaS initiatives



- Set up a Nishitetsu Bus commuter pass counter next to the JR Kyushu ticket office at JR Kyushu Tobata Station (Kitakyushu City) to improve convenience for passengers
- Kitakyushu City government is making various upgrades to the plaza outside the station, including expanding the bus parking area, to strengthen the station's functions as a transport hub and provide support for cooperation between operators

- Introduced AI on-demand transport service using myroute app
- Transit bus, taxi, and railway operators are working together to provide seamless local transport networks
- Working on initiatives to improve safety and peace of mind for public transport users, contribute to local communities, and improve the appeal and convenience of tourism in Kumamoto Prefecture

## Topics Aburayama Renewal Project

### Our involvement in renewal for projects for areas such as Aburayama Citizens' Forest in Fukuoka City An initiative for coexistence between people, the city and nature

Located in the south of Fukuoka City (10km/around 30 minutes by car from the city center), Aburayama Citizens' Forest is cherished among locals as a nearby place for enjoying nature.

JR Kyushu is a representative member of a group of companies on a renewal project for areas such as this forest. The company was granted first right of refusal by the Fukuoka City government, the organizer of the project, and is working together with companies such as Snow Peak Inc.

This is a leading project in the Fukuoka Green NEXT initiative. We are working together with the other participating companies and the Fukuoka City government to make preparations for the forest's reopening in spring 2023 based on the project's vision of "coexistence between people, the city, and nature".



Press conference with Soichiro Takashima, the mayor of Fukuoka City

Image of entire area



This is the logo of Fukuoka Green NEXT: Nurturing Fukuoka's Forest to Protect, Enjoy, and Utilize Our City Together. The renewal of areas such as Aburayama Citizens' Forest is one of the leading projects of Fukuoka Green NEXT.

The Aburayama project is significant to JR Kyushu for three main reasons.

- 1 It is a new challenge for city-building outside our usual realm of stations and areas around our railway lines.
- 2 It is a project to create sustainable, appealing communities through initiatives that cover areas such as the environment, circular societies, and decarbonization.
- 3 With a vision of "coexistence between people, the city, and nature", this project will have a social impact that will enable a rebranding of Fukuoka as a city and facilitate the next generation of city-building in Kyushu.

Through this project, we will work together with today's leading companies in various industries to create the next generation of city-building that will add an abundance of value to the lives of people in Kyushu.



**Hiroteru Koike**  
Deputy General Manager of Planning & Development Department, Business Development Headquarters



## Implementing corporate ESG

The JR Kyushu Group's Corporate ESG



# The JR Kyushu Group's Corporate ESG

## Principles of our corporate ESG

The JR Kyushu Group aims to be a corporate group that will invigorate Kyushu and transmit Kyushu vitality to the rest of Japan and Asia. Our vision of what we aim to be is a guideline for our mission to contribute to a sustainable society by pursuing long-term, sustainable value.

The JR Kyushu Group often refers to the Japanese word *okonai*. This word means "conduct" or "actions", and it refers to what we must do as a corporate group. Our three *okonai* are "Integrity", "Growth and Evolution," and "Local Community Invigoration". These are standards that every employee must follow in order to achieve what we aim to be, and all of our employees take these very seriously. We bring the *okonai* that have served us for all these years to our initiatives to solve material issues.

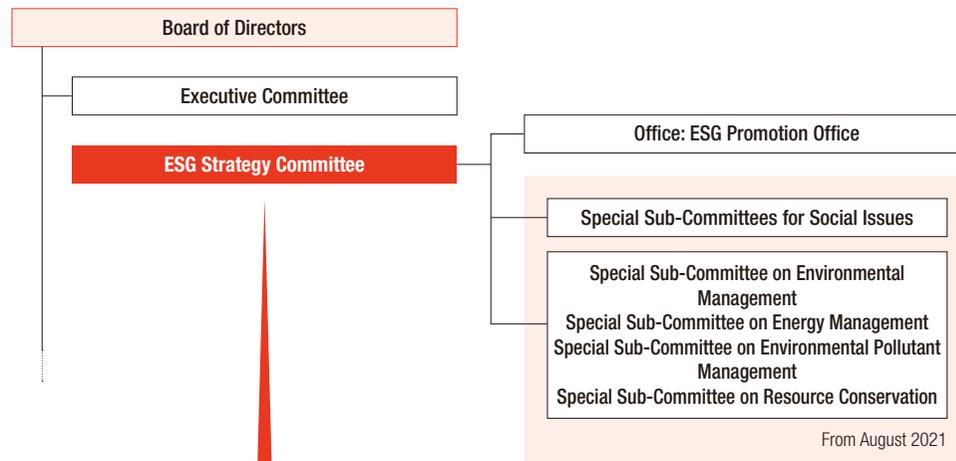
## Our framework for implementing corporate ESG

In 2019, we opened our specialist ESG Promotion Office and established our ESG Strategy Committee, led by our president, to strengthen and further implement initiatives in various areas of ESG. Our ESG Strategy Committee positions corporate ESG as a company-wide issue and decides on how to strengthen and further implement initiatives related to each environmental, social, and governance element. Matters determined by the committee are reported to the Board of Directors when necessary.

In August 2021, we merged our previous environmental committee with the ESG Strategy Committee to strengthen our Environmental Management System and further implement initiatives to tackle environmental issues such as climate change as part of our corporate ESG. We have also established special sub-committees for environmental and social initiatives. Our Special Sub-Committee for Social Issues shares issues for our Integrated Report and survey and discusses matters such as human rights initiatives. A meeting was held in October 2021.

To further promote corporate ESG, an Outside Director who is knowledgeable about ESG attends ESG Strategy Committee meetings as an observer. As we set non-financial KPIs based on the revisions of our material issues and put together our Integrated Report 2022, she impressed upon us the importance of transparency about the process by which we established the JR Kyushu Group Medium-Term Business Plan 2022-2024, and provided objective, big-picture insights and advice for our value creation processes.

## Framework for implementing corporate ESG



Organization	Chairperson	Number of meetings held (As of the fiscal year ended March 31, 2022)
ESG Strategy Committee	President and CEO	3*
Members	Main discussion topics	
Committee Members: Director General of Corporate Planning Headquarters, Director General of Railway Operations Headquarters, Deputy Director General of Railway Operations Headquarters, Director General of Business Development Headquarters, Deputy Director General of Business Development Headquarters, Corporate Officer in charge of Public Relations Dept., Corporate Officer in charge of Administration Dept., Corporate Officer in charge of Human Resources Dept., Corporate Officer in charge of Finance & Accounting Dept., Regional Office Managers, General Manager of Strategy Management Dept.  Observer: Outside Director	<ul style="list-style-type: none"> <li>● Editing policies for Integrated Report</li> <li>● Disclosure of non-financial information</li> <li>● Responding to ESG survey</li> <li>● Opinions from ESG investors, etc.</li> <li>● Issuance of green bonds</li> <li>● Strengthening environmental management system</li> <li>● Future human rights initiatives</li> </ul>	

\*Including meetings of former environment-related committees

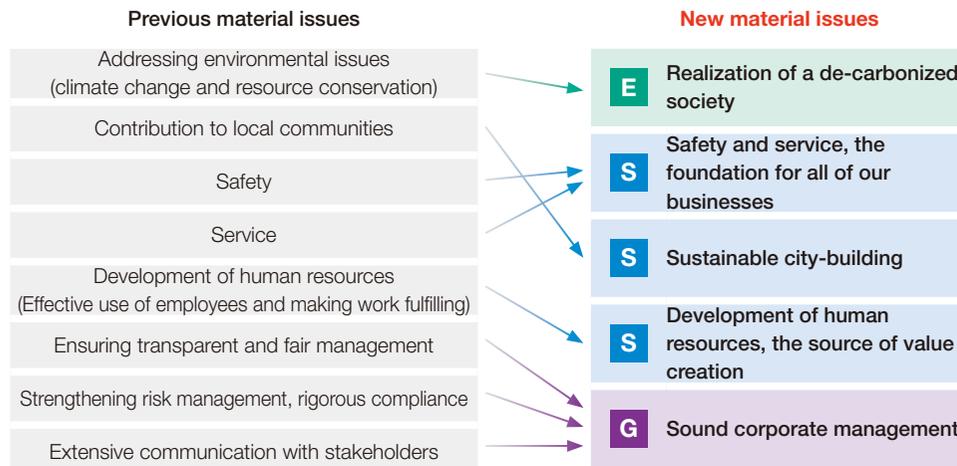


## Identifying material issues

We have identified key ESG themes that we focus on in our Medium-Term Business Plan 2019-2021. In the fiscal year ending March 31, 2022, the ESG Strategy Committee discussed key ESG themes and we defined material issues as points that the JR Kyushu Group must focus on at all times.

In the formulation of the JR Kyushu Group Medium-Term Business Plan 2022-2024, based on the specific policies for the realization of the 2030 Long Term Vision, we re-established our material issues and established non-financial KPIs associated with the material issues. ▶ P.17

## Revision of material issues



### Main opinions from our directors about material issues and non-financial KPIs

- The material issues have been streamlined and are easy to understand. The processes that have been discussed by parties such as the ESG Strategy Committee are important.
- It's good that non-financial KPIs were included too, as these are also issues.
- There should be other indicators besides job creation for the implementation of the city-building initiatives.
- In terms of enhancing communication with stakeholders, relationships with local communities are important. It's important that both sides are continually working to build relationships.
- It is important to thoroughly explain the process by which the Medium-Term Business Plan was established in the Integrated Report, including the discussions that were conducted internally and with external stakeholders.



This is our fourth Integrated Report. The first was published in August 2019. Our ESG Strategy Committee has discussed feedback from investors and shareholders and made improvements accordingly. We hold discussions with the personnel in the ESG Promotion Office and key personnel in each department so that our Integrated Reports provide a clear picture of the current state of JR Kyushu. This communication provokes new thought about the significance of JR Kyushu as a company and the business activities we conduct, and we believe that this fosters an ESG mindset within the Group.

The revision of our material issues and the setting of non-financial KPIs in our Medium-Term Business Plan was immensely significant. It became easier to see how sustainability is connected to what we aim to be, each of our businesses, and the specific measures we are taking. Now we just need to implement those measures.

Our dialog with our investors and shareholders is a valuable opportunity, raising a vast number of insights and issues. I also exchange opinions with

Kuniko Muramatsu, an Outside Director who is knowledgeable about ESG, about points such as my understanding of issues and the direction that should be taken in addressing them.

Major changes have taken place in ESG, and I can see how important it is for me to absorb this new information and use dialogs as an opportunity to think about it. As a group that is invigorating Kyushu, we will push forward in our efforts to build a sustainable society and improve JR Kyushu's value as a company.

**Mitsuko Kagawa**  
Manager  
ESG Promotion Office  
Strategy Management  
Department





## Environment

For Building a Sustainable Society  
Realization of a De-carbonized Society  
Other Initiatives



# For Building a Sustainable Society

## Basic Principle and Basic Policies

Good environmental stewardship is essential for ensuring sustainable growth of the JR Kyushu Group. The JR Kyushu Group has established the following Basic Principle and Basic Policies for initiatives to tackle interlinked environmental issues, including climate change adaptation (reduction of CO<sub>2</sub> emissions, etc.), resource recycling (effective use of energy and resources, etc.), and maintaining biodiversity.

### Basic Principle

The JR Kyushu Group will implement initiatives for environmental conservation and stewardship in all of its businesses and thereby contribute to the creation of a sustainable society.

### Basic Policies

- To realize a de-carbonized society, we will take further measures against climate change, such as efficient energy use and the adoption of new technologies, and strive to maintain biodiversity.
- We will take thorough measures to use limited resources such as water effectively and reduce waste, and endeavor to build a circular society.
- We will endeavor to prevent pollution through measures such as appropriate management and treatment of environmental pollutants.

## Environmental management system

To tackle environmental issues such as climate change, we have established the ESG Strategy Committee, which is chaired by the president, as a body to deliberate and decide on necessary matters including the basic policies. The committee has four specialized subcommittees and serves as an organization for work such as creating action plans to tackle various environmental issues, setting targets, reporting results and implementing. All of our group companies are part of our Special Sub-Committee on Environmental Management.

In addition, when necessary, the Board of Directors receives reports about important matters that have been discussed at the ESG Strategy Committee and provides instructions.

► P.32



## Information disclosure aligned with TCFD recommendations

In February 2021, we disclosed information aligned with TCFD recommendations.

Following the adoption of the Paris Agreement, activities targeting progress toward a de-carbonized society have been rolled out around the world. The frequency and severity of natural disasters has increased in recent years, and this trend is thought to be related to climate change. Business activities have been significantly affected. Accordingly, the JR Kyushu Group has positioned realization of a de-carbonized society as one of material issues and has advanced measures to address the climate change issue. In August 2022, we analyzed the 1.5°C scenario and calculated the financial impacts of some of the qualitative risks that are expected to have the biggest impact and for which we have parameters for future predictions.

Major scenarios used in scenario analysis	
Used primarily to analyze transition risks	IEA: NZE, SDS, STEPS, DRS
Used primarily to analyze physical risks	IPCC: RCP1.9, RCP2.6, RCP8.5

### Calculations of increase in financial impact in 2050 based on each scenario

Risk	Expectations	Increase in financial impact (billions of yen/year)			
		4°C	2°C	1.5°C	
Transition	Increase in carbon tax	Costs due to introduction of carbon tax based on decrease in emission coefficient	—	+ approx. 1.5	+ approx. 1.0
Physical	Increased frequency/severity of natural disasters	Costs incurred by damage to facilities due to increase in natural disasters	+ approx. 15.0	+ approx. 7.5	

### See our website for details

► Information Disclosure Aligned with TCFD Recommendations  
[https://www.jrkyushu.co.jp/company/ir\\_eng/esg/](https://www.jrkyushu.co.jp/company/ir_eng/esg/)

# Realization of a De-carbonized Society

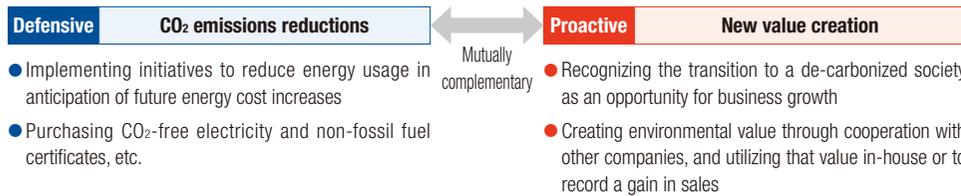
<b>E</b>	<b>Realization of a de-carbonized society</b>
<b>S</b>	Safety and service, the foundation for all of our businesses Sustainable city-building Development of human resources, the source of value creation
<b>G</b>	Sound corporate management

## Toward the realization of a de-carbonized society

The realization of a de-carbonized society was set as a material issue for the Group in the JR Kyushu Group Medium-Term Business Plan 2022-2024. We will contribute to the de-carbonization of society as a whole by providing and promoting the usage of seamless mobility, centered on the railway business.

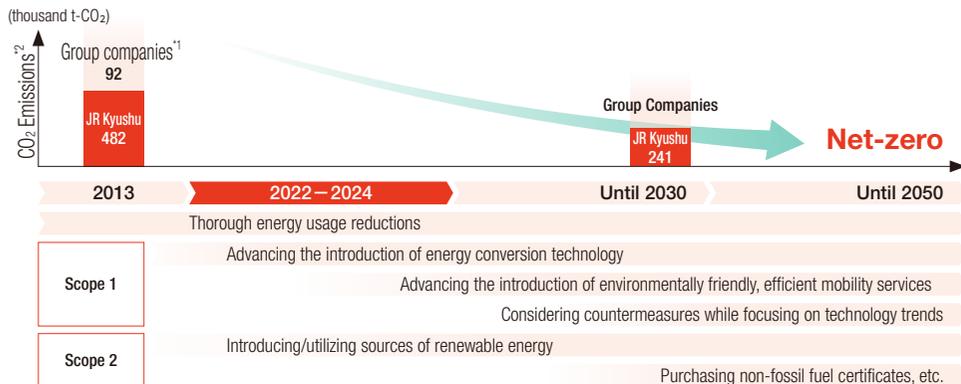
### Fundamental approach

Toward the realization of a de-carbonized society, we will work not only from a defensive perspective of simply reducing CO<sub>2</sub> emissions but also from a proactive perspective of positioning the transition to a de-carbonized society as an opportunity for business growth and creating new value. While collaborating with other companies, we will strive to achieve both business growth and enhancement of environmental value.



### Roadmap toward the realization of a de-carbonized society

The JR Kyushu Group has established a roadmap toward a de-carbonized society in the JR Kyushu Group Medium-Term Business Plan 2022-2024. We will continue to set appropriate milestones and revise our roadmap where necessary, taking into account future trends in technology and economic feasibility.



\*1 Aggregate value from periodic reporting stipulated in the Act on Rationalizing Energy Use

\*2 Scope 1 and 2 emissions

### Major initiatives during the period of the Medium-Term Business Plan

We will carry out the following initiatives during the period of this Medium-Term Business Plan.

- Proactive**
  - Introducing/utilizing sources of renewable energy
  - Acquiring green building certification for real estate assets
  - Considering the introduction of energy conversion technologies through cooperation with other companies
- Defensive**
  - Implementing energy saving for electricity used in train operations
  - More-efficient, streamlined facilities

### Investments that contribute to increasing environmental value

Over the period of this plan, we are planning environment-related investment of approximately ¥60.0 billion. These will be invested in projects/criteria that are eligible for the Green Bond framework that was established in April 2021, energy-saving train cars, and real estate for which we intend to obtain green building certification. We will also consider other investments, such as a renewable energy business.

Green Bond Framework	Eligible project/criteria	Example of eligible project
Clean transportation	Investments related to building, modification, and upgrades of electric and hybrid rolling stock	<ul style="list-style-type: none"> <li>● New model development of Shinkansen train cars</li> <li>● Renovation of 811 series train cars</li> <li>● YC1 series diesel-electric rolling stock equipped with storage battery</li> </ul>
Green buildings	Investments related to the building of real estate around stations and facilities for JR Kyushu for which we intend to obtain green building certification	<ul style="list-style-type: none"> <li>● New Nagasaki Station building, hotel</li> </ul>

### Introducing/utilizing sources of renewable energy

JR Kyushu's Scope 2 emissions (emissions created by electric power) account for 80% of the total of our Scope 1 and Scope 2 emissions, so we are working on decarbonization of electricity for net-zero CO<sub>2</sub> emissions by 2050.

#### ● Renewable energy supplies for stations on the Chikuhi Line

We are providing environmental value with renewable energy that is locally produced and locally consumed. In January 2022, we began supplying renewable electricity, which combines electricity generated at the Hizen and Hizen-Minami wind power stations in Karatsu City, Saga Prefecture with energy from the same stations that has earned tracked<sup>1</sup> fossil fuel-free energy certification. The energy is supplied to 10 stations on the Chikuhi Line (Hizen-Kubo to Imari).



#### ● Introduction of solar energy through an onsite PPA

From April 2022, our Nagasaki Engineering Works at our Nagasaki Branch signed an on-site purchase power agreement (PPA) for solar power facilities owned by a third party and began providing locally owned, locally consumed solar power as a renewable energy source. Switching to renewable energy for some facilities is expected to reduce our Nagasaki Engineering Works' CO<sub>2</sub> emissions by around 47%.



#### ● Renewable energy supplies for Hakata Station

From July 2022, we switched JR Kyushu's electricity supplies at Hakata Station<sup>2</sup> to renewable electricity. Some of this electricity is FIT electricity from the Kusu Solar Power Station (Kusu District, Oita Prefecture) owned by JR Kyushu Electric System Company, a JR Kyushu Group company, and some is electricity from the same station that has earned tracked fossil fuel-free energy certification. We expect to be able to reduce CO<sub>2</sub> emissions by around 2,600 tons<sup>3</sup> per year.



Other group companies have also installed solar power facilities in areas such as previously vacant land and on rooftops.

<sup>1</sup> Information such as the name, address, generation method, generated volume, and generation time is available.

<sup>2</sup> Excluding the station buildings and Shinkansen lines

<sup>3</sup> Calculated according to the adjusted emission coefficient for the fiscal year ended March 2022.

### Acquiring green building certification for real estate assets

The New Nagasaki Station building, set to be opened in fall 2023, will be a complex including commercial facilities, a hotel, offices, and parking based on our vision for the station as a gateway to the international city of Nagasaki with the opening of the Shinkansen.

We are introducing efficient facilities and reducing the thermal load of buildings by improving insulation and promoting greening, as well as adopting AI-based technology for optimized energy control and working on measures to improve customers' comfort and preserve the natural landscape. We aim to obtain CASBEE certification for the building.



### Considerations for the adoption of energy conversion technology in collaboration with other companies

Some of our rolling stock run on diesel. We have already adopted alternatives such as the BEC819 DENCHA, a battery-powered train, and the YC1 Series of diesel-electric rolling stock equipped with a storage battery. Biofuel is also attracting attention as an alternative to diesel.

In April 2022, we conducted a performance test at our Kokura Rolling Stock Center for a single engine running on 100% FAME biofuel made by refining waste oil.



### Energy saving for electricity used in train operations

We have adopted many energy-saving trains to save energy used in the operation of our electric trains. Initiatives in recent years include the adoption of our 821 Series and the remodeling of our 811 Series. The remodeling of our 811 Series included an upgrade of the driving motors and control devices, a switch to a VVVF control mechanism using energy-efficient SiC hybrid modules, the adoption of regeneration brakes, and a switch to LED lighting in the cabins to reduce our environmental impact.

We have been considering energy-saving driving from the fiscal year ended March 2022. We are collecting and analyzing sample data on electricity consumption during driving with the optimization of driving operations in mind, taking into account driving time and the gradient between each station.



## Other Initiatives

### Biodiversity initiatives

The climate and biodiversity are interrelated. We are working on initiatives to preserve biodiversity in addition to our measures against climate change.

#### Tree planting

In addition to tree planting and forest development activities to provide habitats and rearing environments, we are contributing to waterway improvement, improvement of disaster-proofing functions and preservation of landscapes.

JR Kyushu Kumamoto Branch	Took part in a tree planting activity on Mt. Kimpo (Kumamoto City) run by NPO21 Kumamoto Kimpo-Ariake Environmental Council
JR Kyushu Trading Co., Ltd.	Formed JR Kyushu Trading Mori Yunomae forestry agreement with the municipal government of Yunomae Town in Kumamoto Prefecture, along with local companies and other organizations, from the fiscal year ended March 2020
Caterpillar Kyushu Ltd.	Formed the Caterpillar Forest agreement for forestry creation and maintenance with the Nichinan City government as part of the Miyazaki prefectural government's company forest system
JR Kyushu Electric System Company	Participating in Tori-ga-Saezuru Midori-no-Kairo Tree Planting Events
JR Kyushu Resort Development Co., Ltd	Working on projects led by the Greenery by Golf Group such as greening and environmental conservation in spaces such as public facilities and national parks

### Reduction of plastic waste

JR Kyushu Hotels Inc., JR Kyushu Station Hotel Kokura Inc., and JR Kyushu Huis Ten Bosch Hotel Co., Ltd. are introducing amenities made from lightweight materials and biomass materials.



### Resource recycling initiatives

The JR Kyushu Group is helping to build a circular society by implementing measures to make effective use of resources through the three Rs: reduce, reuse, recycle.

#### Company social media page for giving and receiving unwanted items

In the fiscal year ended March 2022, we set up a community social media page for giving and receiving unwanted items. We share information on surplus and unneeded items within the company to reduce costs and make effective use of resources. Around 280 items were listed in the fiscal year ended March 2022, around 100 of which have been put to good use.

#### Use of water resources

Rolling stock centers such as the Kumamoto Rolling Stock Center for our Shinkansen trains and the Kokura Rolling Stock Center for our conventional trains use large quantities of water for purposes such as washing rolling stock and parts. We are taking measures such as filtering the wastewater at a treatment plant to enable it to be reused as treated wastewater or gray water.

Station building companies such as JR Hakata City Co., Ltd. and JR Nagasaki City Inc. are also reusing rainwater and making effective use of water resources.

#### Reuse of uniforms

JR Kyushu Electric System Company redesigned its uniforms in 2021. Around 2,100kg of old uniforms were recycled and repurposed as soundproofing material for the engine compartments of automobiles.

### Management of chemical substances

JR Kyushu appropriately manages and disposes of chemical substances that affect the environment in accordance with the relevant laws.

#### Measures against CFCs

As CFCs are greenhouse gases, we register any CFCs used at each of our locations and appropriately manage filling and collection volumes when using or disposing of CFCs.

#### Management of PCB waste

PCBs (polychlorinated biphenyls) were previously used as insulating oils for our rolling stock and electrical facilities, but we have now switched to non-PCB oils by phasing out or redesigning older trains and facilities. Waste from used PCBs is managed according to the relevant laws and regulations. We now use mineral oil as our insulating oil. As equipment without zero PCB certification may contain traces of PCBs in its insulating oil, we are analyzing PCB in the oil, storing the oil appropriately, and successively disposing of it.

#### Initiatives under the PRTR Act

Chemical substances used in each area of our business, including asbestos and volatile organic compounds (VOCs) such as toluene and xylene, are appropriately treated and managed according to the PRTR Act (Act concerning Pollutant Release and Transfer Register).

### Expansion of ESG financing

JR Kyushu is carrying out ESG financing initiatives to solve social issues such as climate change through our business and further accelerate efforts to build a sustainable society.

In April 2021, we issued ¥20.0 billion in green bonds based on our Green Bond Framework, which has passed third-party evaluations by Sustainalytics and the Rating and Investment Information Center. In December 2021, we published our annual report on the use of proceeds and the environmental benefits, and we endeavor to ensure transparency about our use of funds through dialog with investors.

We will continue to issue green bonds and carry out more in-depth ESG financing such as sustainability link loans as corporate ESG initiatives that demonstrate to stakeholders such as customers, communities, shareholders, investors, and employees that we are working toward what we aim to be.

#### ► ESG financing

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



## Social

**Safety and Service, the Foundation for All of Our Businesses**

- Safety
- Service

**Development of Human Resources, the Source of Value Creation**

- Advancing personnel strategy

**Development of Employees Skilled in Digital Technologies**

**Human Rights Efforts**



# Safety and Service, the Foundation for All of Our Businesses — Safety

- E** Realization of a de-carbonized society
- S** Safety and service, the foundation for all of our businesses  
Sustainable city-building  
Development of human resources, the source of value creation
- G** Sound corporate management

## Fundamental approach

We approach our safety improvement initiatives with the mindset that safety requires initiative.

**Safety principles**

**Safety is the greatest thing we owe to our customers.**

1. Ensuring safety is based on exact observance of rules and procedures, and is achieved through our continuous effort.
2. Strict checks and thorough communication are the most important elements of ensuring safety.
3. Everyone in every role must work together to ensure safety.
4. If you are unsure what to do, take the safest action.

## Safety control structure

With proactive involvement from top management, we have established safety management regulations for the purpose of establishing a safety control structure and maintaining and improving transportation safety. In addition, by appropriately operating a PDCA cycle for safety control and implementing activities such as safety audits and safety checks, we carry out checks of our internal safety control structure in an ongoing effort to further ensure safety.

## Safety Promotion Committee

Meetings of our Corporate Safety Promotion Committee, led by our president, are held monthly to share safety information and discuss how to prevent railway accidents, hindrances to transportation, and occupational disasters and how to prevent reoccurrence of any incidents that do occur. Matters such as measures and information that are adopted by the committee are disseminated mainly through Safety Promotion Committee meetings held in each department and distribution of video summaries of those meetings. Furthermore, to ensure unified safety practices among the whole of the JR Kyushu Group, these Safety Promotion Committee meetings are attended by persons in charge of safety at JR Kyushu Group companies, and measures and safety-related information that are adopted are disseminated to group companies.



Meetings of the Corporate Safety Promotion Committee



Video Distribution of Agenda

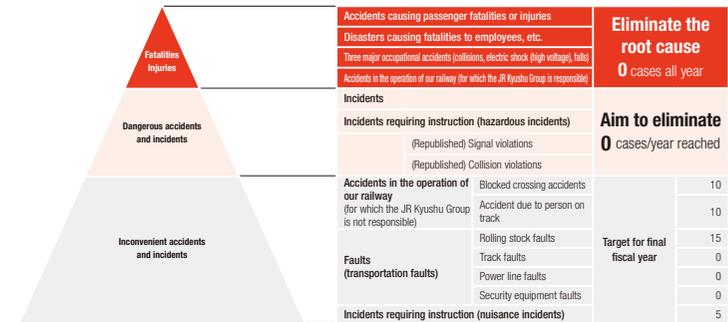
## The Two Pillars of Safety

The JR Kyushu Group is working on a three-year Medium-Term Safety Plan (2020-2022) to implement measures that ensure the utmost safety at all times. There are two pillars in these initiatives. The first is a Basic Safety Policy containing key points for each year based on the Medium-Term Safety Plan. This is applied in each department, branch, and group company. The other is actions to ensure safety, centering on key themes each year, based on the unchanging mindset that safety requires initiative.



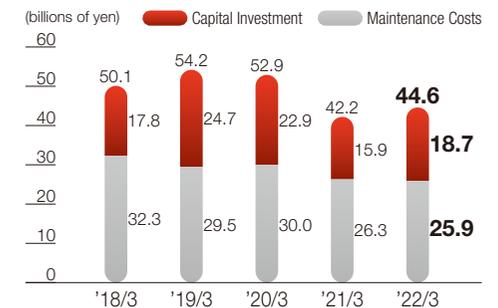
## Setting Targets

To turn our principle of ensuring the utmost safety at all times into tangible improvements, targets are set according to the following principles.



## Capital investment related to safety

In the fiscal year ended March 2022, we invested ¥18.7 billion in replacement of obsolete facilities, safety and disaster-damage prevention measures, measures for reliable transportation, and rolling stock projects. ¥25.9 billion was also spent as repair expenses for the maintenance and management of railway facilities, for a total of ¥44.6 billion.





## Initiatives to ensure safety

### Top priorities Initiatives to eliminate signal violations and collision violations\*

#### Prevention of signal violations

- Use of measures such as simulator training to ensure that employees understand the importance of carrying out basic operations correctly and are committed to doing so.
- Thorough checks to ensure correct execution of basic operations and ongoing instruction until these become second nature.



#### Prevention of collision violations\*

- Thorough training on prevention of collisions for employees, etc.
- Use of train collision warning system to prevent collisions caused by human error.
- Safety patrols for assessment and improvement of workplace conditions.



\* Collisions that violate our rules on collision prevention

## Simulator training

The accident in 2017 that damaged the railway facilities at our Nogata Rolling Stock Center taught us that there are cases where an employee knows something intellectually but cannot act on it in a real situation. To counteract this, we have introduced a simulator on site and have revised our training system to improve employees' understanding of how to handle abnormal situations and ability to respond to these situations. Training takes place on site in small groups and in general training sessions attended by all relevant employees.



On-site simulator

## Ongoing initiatives

### 1 Enhancement of systems to improve safety

Safety audits and inspections, safety conferences, safety discussion gatherings, views shared by employees about safety

### 2 Improvement of the skills of employees, etc. in ensuring safety

Self-improvement, competitions, abnormal event training, various other training

### 3 Prevention of railway accidents, etc.

Preparation of backup equipment, measures for railway accidents and incidents

### 4 Strong measures against intensifying environmental issues

Measures for earthquakes and tsunamis, stronger disaster prevention, case by case measures for situations such as terrorism

### 5 Prevention of accidents involving trains and facilities

Replacement of trains and facilities and renovation of trains



Self-improvement



Measures for sloping surface

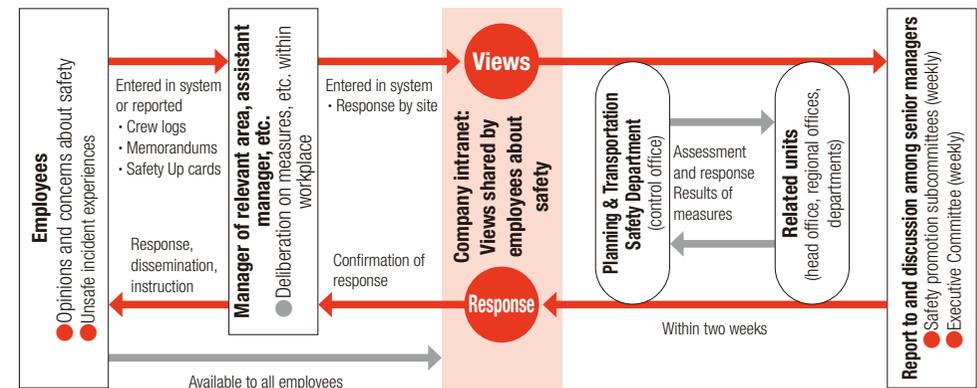


Further installation of ATS-DK

## Views shared by employees about safety

Our system for views shared by employees about safety is used to allow employees to share opinions and concerns about safety, unsafe incident experiences, and unsafe incidents that may occur to prevent accidents and other hazards before they occur. Details and solutions are reported to the Executive Committee within two weeks and information is shared with all employees via our intranet.

### Process for views shared by employees about safety



## Training at the Safety Creation Center

Our Safety Creation Center was opened in January 2011 to keep past accidents and other incidents fresh in our memory, impart a strong understanding of basic operations and safety measures, and give our employees the training they need to ensure the safety of our customers and employees. In March 2021, a new Safety Creation Center was opened with the rebuilding of our employee training center. The new Safety Creation Center is conducting a sixth round of training that seeks to foster understanding about why our rules are important and equip employees with the ability to put that understanding into practice by thinking for themselves about what they need to do to follow our rules. As of the fiscal year ended March 2022, a total of 54,524 employees, including employees of Group companies, have attended training at the Safety Creation Center since it was first opened.



### Examples of improvements as a result of views shared by employees about safety

In the fiscal year ended March 2022, we received 11,846 messages with feedback, observations, or details about unsafe incident experiences. 369 of these required measures to be taken, and we have addressed these and/or established policies about measures to be taken.

#### Examples of improvements

##### View

There was a steep slope in the area between the platform and ticket gate at one station due to tree removal work, which posed a falling hazard for customers.



##### Measure

To ensure safety, the area was fenced to prevent customers from falling down the slope.



### Strong measures against intensifying environmental issues: measures for disasters caused by heavy rain

In the fiscal year ended March 2022, we carried out work in 4 areas to reinforce sloping areas alongside the tracks that may be affected by heavy rain or typhoons and prevent rockfall and collapse due to deterioration over time.



Before the measures were carried out



After the measures were carried out

## TOPICS

Annual terrorism and crime drills are held so that our employees will have a better understanding of what to do in the event of a terrorist attack or criminal action. There was a spate of stabbing attacks on Tokyo's Odakyu and Keio Lines in 2021, and there was an arson attempt on a moving Kyushu Shinkansen train. After this, we held training with the police at our head office and branch offices about how to handle emergencies that could occur on a train.



We also strengthened our measures against railway terrorist attacks during the Tokyo Olympics and Paralympics in 2021. This included increasing security patrols by employees and other personnel, using posters, announcements, messages on onboard screens asking passengers to notify us if they found any suspicious items in a station building or train, and using sealed or transparent trash cans.

#### Examples of increased anti-terrorism measures



## New initiatives

### Advances in digitalization of operations

We have been adopting digital technology in operations and maintenance to improve efficiency.

A particularly effective measure has been the use of footage from cameras in inspections. This method is now being implemented in various departments. In future, we will make greater use of AI in work such as monitoring and preventive maintenance.



**Winner of the 5th Infrastructure Maintenance Award from the Minister of Land, Infrastructure, Transport and Tourism**

Technology such as onboard cameras is used to improve the efficiency of inspections

#### Previous inspection and checking method

A staff member rides on a commercial train to check the area around the tracks and make judgments



#### Current inspection and checking method

Video footage is automatically transferred for automatic judgments about faulty areas



#### Inspection of facilities around train lines

A staff member walks around the area to carry out checks and make judgments



Images of the facilities from the rooftop 4K cameras are checked and judged from an inspection office



### Adoption and use of smart devices

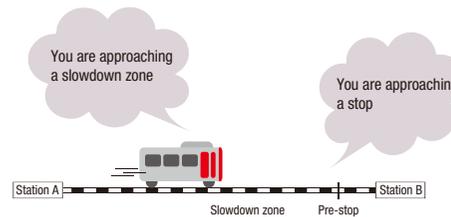
We are working to improve efficiency through measures such as digitalization and operational support using smart devices. All drivers are given smart devices and a driving support app called Shiraseru-kun is used to assist in their driving. Various other apps have been developed to digitalize our operations.

#### Shiraseru-kun driver support app

**This app has various functions that provide support while driving**

##### Driving support

The GPS of the smart device obtains information on the train's location and alerts the driver with an on-screen message and alarm when they are approaching a station where the train needs to stop and the area before each station where they need to slow down to prevent human error by drivers.



##### Timetable display

The app is synced with a base system for creating timetables and saves timetables to each smart device. The driver can then enter the number of their service to display the timetable before they start driving. This means that in the event of an issue, measures can be taken quickly when changing to a different train.

\* A portable timetable for the driver's route is displayed on the screen of the driver's smart device.



Screen with driving support + timetable

### Advances in autonomous driving technology

Trains, like other modes of transport, are seeing advances in automated driving technology. We have developed a self-driving train system based on ATS (Automatic Train Stop)-DK\*. Test driving began in December 2020 in one section of the Kashii Line, and was expanded to the entire Kashii Line in March 2022. We will work toward autonomous driving systems that will be operated by other onboard crew (GOA (Grades of Automation) 2.5) by the fiscal year ending March 2025. \*An intermittent type ATP system

#### Self-driving train equipment (FS-ATO)

##### Automation of driving using existing ATS



##### Features

- Only system used in ATS zone, which encompasses the majority of conventional lines
- Only autonomous driving used in zones with crossings
- First autonomous driving system used on a JR line (as of December 2020)

##### Results of test driving (end of June 2022)

Total distance driven	115,576 km
Total number of stops	50,735

##### Process/schedule

December 2020	Test driving started (Saitozaki Station - Kashii Station)
March 2022	Expanded zone and trains used for test driving (entire Kashii Line, 40% of trains) Added functions (number of cars, snow removal, economical driving)
End of fiscal year ending March 2025 (target)	Autonomous driving systems that will be operated by other onboard crew

# Safety and Service, the Foundation for All of Our Businesses — Service

- E** Realization of a de-carbonized society
- S** Safety and service, the foundation for all of our businesses  
Sustainable city-building  
Development of human resources, the source of value creation
- G** Sound corporate management

## Fundamental approach

Since 1991, JR Kyushu has worked to enhance service through a variety of measures. In 2003, we formulated the Service Charter, which employees recite each day and always keep in mind. Since the fiscal year ended March 2008, we have accelerated our initiatives to further promote a corporate culture founded on service. Themes are set for each year's activities for further implementation. Our theme for the fiscal year ending March 2023 onward is further improvement of service based on the mindset "I, [name], will listen to customer feedback and think and act to the best of my ability as a representative of the company."

### Service Charter

- 1 We are grateful to the customers who select JR Kyushu.
- 2 We listen to customers, think from the customer's perspective, and pursue customer satisfaction.
- 3 We always greet customers with a sense of hospitality and remember that every customer is important.

## Listening to customer feedback

We listen to all feedback from passengers to understand what customers are concerned about and what they are not satisfied with. We place the highest importance on responding rapidly to customers' requests.

### Initiatives to address customer feedback

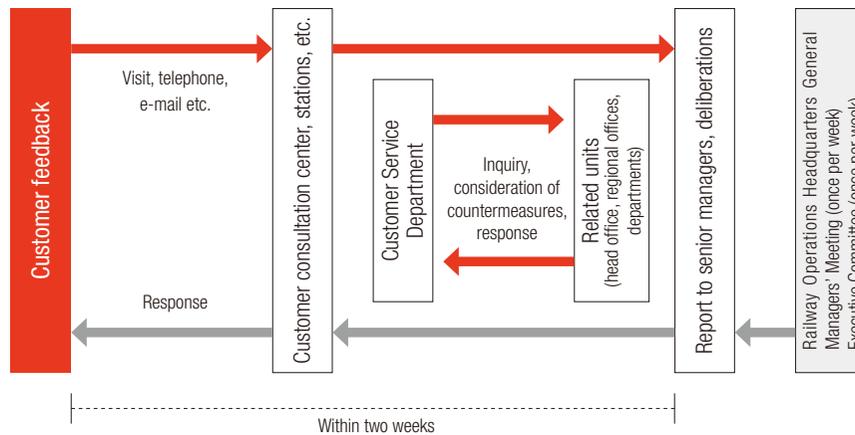
As we mention in our Service Charter, customer feedback is the starting point of our efforts to enhance service. We listen to customer feedback and strive to understand what customers are concerned about and what they are not satisfied with. We place the highest importance on responding rapidly to their requests and on working to enhance service.

In addition to messages received directly

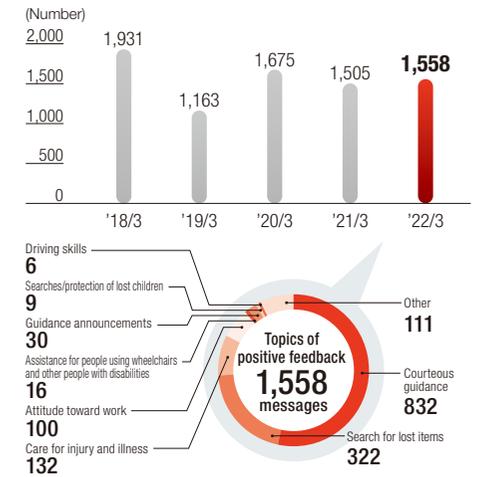
from customers, we seek feedback through various avenues such as online and by phone. We received around 8,100 feedback messages in the fiscal year ended March 2022, containing compliments, feedback, and requests. We strive to report feedback to senior managers, deliberate, and provide a response to the customer within two weeks, and to rapidly share and analyze the feedback within the company and apply it to specific improvement measures.

In the event that it is difficult to make improvements immediately, future measures are considered by the Committee to Enhance Our Corporate Culture Founded on Service, which has the president and other related officers as members. In these ways, we are working to enhance service quality.

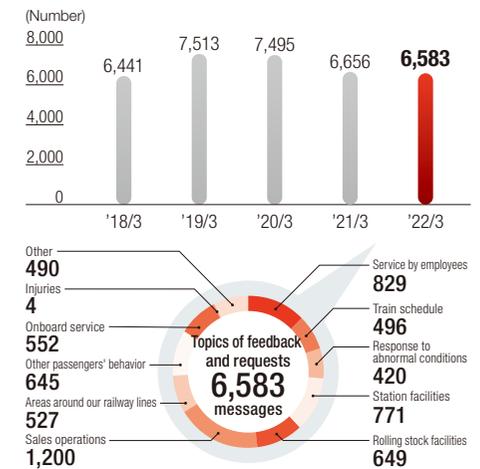
### Flow of customer feedback



### Number of compliments

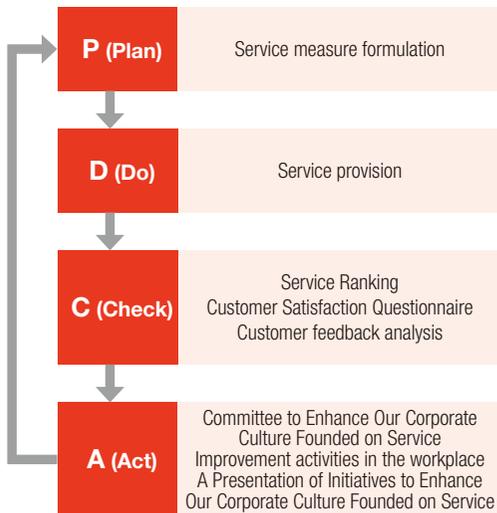


### Number of feedback messages and requests



## Initiatives to enhance service quality

We are implementing a variety of initiatives to enhance service quality. We periodically obtain the cooperation of customers in answering the Customer Satisfaction Questionnaire, which we use to measure customer satisfaction and to enhance various services based on the content of the evaluations received. We also implement a Service Ranking, which involves formulating evaluation standards for each service and utilizing external research to conduct evaluations. The diagram below shows the flow of initiatives to leverage customer feedback and enhance service quality.



### Committee to Enhance Our Corporate Culture Founded on Service

To comprehensively consider items related to service at JR Kyushu, we implement improvement activities based on the formulation of service strategies, and advance the establishment of a foundation for the enhancement of service quality, a committee chaired by the president and including general managers and regional office manager among its members that meets once per month. Praise and feedback from customers are analyzed and information on initiatives to improve service in each area is shared.

In the fiscal year ended March 2022, we conducted an employee survey about service and found that many employees felt that service was a part of our company culture and strove to approach their work with gratitude to our customers.

All of our employees will continue working together to improve customer satisfaction based on the survey results.

### Service ranking

In our station and train crew units, we ask an external surveying organization to conduct a third-party evaluation of our service level once each year.

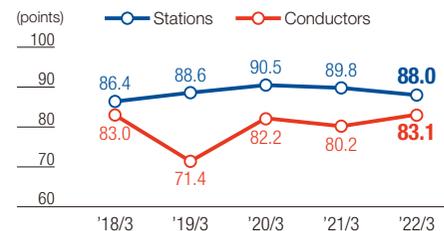
We then identify issues from the results and carry out initiatives to improve service, or relay the results to sites where there are issues and ask them to make improvements urgently. Excellent practices are rolled out at other sites. We are also fostering a sense of positive competition by quantifying and ranking the results of the surveys. Through this initiative, we are working to enhance awareness of customer reception at each work site and promote active improvement of service.

From the previous fiscal year, we have been providing training for managers to strengthen weak areas that were identified in the survey results and raise overall service standards.

One of the material issues in the JR Kyushu Group Medium-Term Business Plan 2022-2024 is "Safety and service, the foundation for all of our businesses". "Implementing initiatives to enhance our corporate culture founded on service" is one of our non-financial KPIs: our target is a service ranking of 90 points or higher, and we are striving to further improve service.

In a survey in the fiscal year ended March 2022, many respondents said that it was difficult to hear employees' greetings through their masks, and it was also difficult to discern their expressions. For this reason, in the fiscal year ended March 2022, we carried out training about facial expressions on a daily basis so that employees' smiles were evident and their greetings could be heard easily despite their masks. In the fiscal year ending March 2023, in addition to the facial expression training, we will conduct training to make employees aware of their tone of voice to improve the quality of our hospitality.

### Trends in service rankings



### Service rankings from the perspective of a station unit

Service rankings are an essential index for improving service at my station, as they are a way to regularly visualize our day-to-day service, and enable us to see how much we have grown and identify issues.

Our service rankings for the fiscal year ended March 2021 showed that Nagasaki Station needed to improve when it came to smiling and greeting customers, so we placed a particular focus on that in our initiatives in the fiscal year ended March 2022. Specifically, we set key focus areas for each month, such as smiling and *eshaku* (a small bow). Our Service Committee played a central role in implementing various initiatives to improve the level of service throughout our workplace. Employees were also filmed serving customers and reflected on interactions with their managers. With the opening of the Nishi-Kyushu Shinkansen, we are expecting a lot more customers in the fiscal year ending March 2023. I want us all to greet them with a cheerful smile as they arrive at the gateway to Nagasaki.



**Shotaro Otsubo**  
Assistant Manager,  
Nagasaki Station

## Fostering awareness of service

### Developing employees who provide excellent service

We are rolling out roleplay-based training for all station and onboard employees based on likely scenarios such as service at the ticket gates and on board trains, as well as situations such as passengers who need to be accompanied and assistance for blind passengers using a cane. A Customer Company Championship is also held for our station and onboard staff, with regional and company-wide competitions. Employees compete to improve customer satisfaction, working on elements such as speech and demeanor. We invite elderly passengers and passengers with disabilities to attend customer support training

about the best ways for station and onboard staff to assist passengers who may need help. In the fiscal year ended March 2020, we began awarding qualifications as Service Care-Fitters<sup>1</sup>. Over 256<sup>2</sup> employees hold this qualification. We will continue to pursue initiatives to ensure passengers' safety, peace of mind, and comfort as they use our railway services.

<sup>1</sup> An employee who learns the spirit of hospitality and assistance techniques for helping the elderly or people with disabilities, and is able to help them while putting them at ease. (Source: Website of The Nippon Care-Fit Education Institute.)

<sup>2</sup> As of March 31, 2022

### Examples of training in FY2022/3

Name of training	Number of participants	Overview
Customer reception seminar	Approx. 50 people	This training aims to enhance guidance and customer service abilities. Participants learn how to ensure that the type of service that is necessary on the front lines is well established in worksites, and they acquire know-how about responding to feedback from customers.
Customer Support training	Approx. 80 people	To enable customers with physical disabilities and elderly customers to use stations and trains with peace of mind, this training aims to have employees on the front lines (station employees, train crew members, etc.) learn about new accessibility laws and regulations and acquire knowledge and skills related to appropriate support, and then apply this training in each workplace.
E-learning	All employees	This training aims to deepen understanding of "Toward a Corporate Culture Founded on Service 2021"
Training for the Service Care-Fitters qualification	Approx. 60 people	Employees seek to qualify through learning the techniques and hospitality necessary to make train travel stress-free for elderly passengers and passengers with disabilities.

### Initiatives to enhance a culture of mutual praise

We believe that through praise we can draw out the motivation and independence of employees, recognize each other's contributions, and, in doing so, further enhance service based on the added value created by each employee. We are implementing a range of activities on that basis. Specifically, we have established a variety of recognition systems for employees who have received compliments from customers.

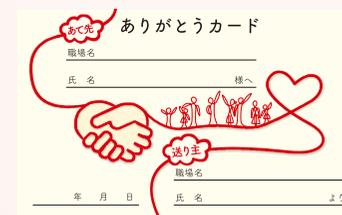
We will use the excellent initiatives of award winners as a reference in ongoing work to share information to facilitate the provision of services that are aligned with the sentiments of customers.

### Examples of initiatives to create a culture of mutual praise

- Messages of praise and gratitude from customers about each employee are written on the employees' pay slips
- Thank-you cards are used as a way for employees to express gratitude to each other
- Employees who have provided outstanding service and received messages of gratitude from customers and colleagues are recognized each month with awards
- A Service Round-Table Discussion is held twice a year, where employees who have received awards exchange opinions with the President and the general manager of the Customer Service Department
- We recognize employees who have provided especially superior service through the Service of the Year Awards

### Our thank-you cards

Our thank-you cards are a tool for employees to praise a colleague whom they saw providing excellent service to a customer, who took a measure or lent a hand to improve service, or who helped to handle an unusual situation, etc. We believe that praising each other encourages employees to recognize each other's contributions and makes employees' work more fulfilling. Around 58,000 thank-you cards were sent in the fiscal year ended March 2022.



Service of the Year Awards

## Initiatives to implement safety promotion campaigns and enhance our corporate culture founded on service



As we mention in our statement about what we aim to be, safety and service is the foundation for all of our businesses, and remains as important as ever. The linchpin of all of our businesses is development of the employees who are responsible for safety and service to ensure that we earn the trust of our customers and other stakeholders. Developing human resources is a source of value creation.

I firmly believe that it takes everyone at a site to ensure safety and service. The JR Kyushu Group places importance on presentations where personnel can share the results of initiatives to improve safety and service at their sites. I, too, find these presentations to be an opportunity to think once again about what should be important to the JR Kyushu Group and gain new insights. Excellent initiatives shared at these presentations are rolled out in other workplaces to improve safety and service throughout the JR Kyushu Group. Our initiatives to improve safety and service in our daily operations are also part of the personnel development we do in order to achieve the tenets of "Integrity / Growth and Evolution / Local Community Invigoration" in "Our Conduct".

In the fiscal year ended March 2022, I saw a number of cross-sectional initiatives that went beyond specific systems, and initiatives that broke from conventional thinking. The structural reforms of our railway business that we are working on at present, such as our BPR initiatives, will also be an important element in further improvements in safety and service in future. No matter how much our work becomes automated or systematized, safety and service will ultimately still come down to people. Safety and service are the source of value creation, and we will continue to dedicate ourselves to these elements and to development of the personnel responsible for them.

### FY2022/3 presentation on 2021 safety promotion campaigns and initiatives to enhance our corporate culture founded on service

At our presentation on safety promotion campaigns and initiatives to enhance our corporate culture founded on service, employees from selected workplaces in each area, including group companies, shared the results of their initiatives to address issues. This presentation is an important way to encourage further improvement, as employees who hear about initiatives in other workplaces can implement them in their own workplaces.



#### Grand Prize (Safety)

#### Kokura Electric Maintenance Depot

Theme

#### Considerations about using training on real instant judgments to eliminate collision violations

To eliminate collision violations\*, the team realistically recreated unpredictable situations that could occur during their actual work to create situations where workers had to make instant judgments. The workers were then taught how to carry out train protection in situations of that nature, enabling them to develop practical skills that are difficult to master in a classroom. This measure has been rolled out in other workplaces, and has improved safety.

\* Collisions that violate our rules on collision prevention by employees



#### Grand Prize (Service)

#### JR Kyushu Retail, Inc. Family Mart Kumamoto City Hospital Store

Theme

#### Three Resolutions

As this store is located in a hospital, the team created three resolutions to make people in the hospital smile: to stock products that would meet medical workers' needs, to make their sales floor more accessible to patients such as those in wheelchairs, and to create positive interactions with the people in the hospital, such as gifting picture books to children in hospital.

### Examples of award systems to encourage development of personnel

#### Unsafe Incident Open Awards

These awards recognize employees who have actively shared an unsafe incident experience they have encountered and made a major contribution to preventing accidents or other serious incidents, ensuring reliable transport services or preventing workplace injuries.

#### Thank-You Awards

We have a thank-you card selection process where the managers of each workplace review thank-you cards sent between employees and recommend particularly excellent cases. This award is given to leading workplaces that have the highest number of selected thank-you cards for each employee.



# Development of Human Resources, the Source of Value Creation

## — Advancing personnel strategy

**E** Realization of a de-carbonized society

**S** Safety and service, the foundation for all of our businesses  
Sustainable city-building  
Development of human resources, the source of value creation

**G** Sound corporate management

### Fundamental approach

It is our personnel who create the value of the JR Kyushu Group. In addition to efforts to develop personnel who take the initiative to learn and take on new challenges, we are working to make JR Kyushu a company that is easy and satisfying to work in. Creating an environment where diverse personnel can thrive will further increase the value of the JR Kyushu Group as a company and lead to sustainable growth.

### Advancing personnel strategy

To link the individual capabilities of employees to the growth of the Group, we will advance reforms of the personnel system to realize the formulation/operation of personnel strategies aligned with changes in management strategies, business models, and labor markets.

It is our human resources who will be a major pillar in supporting the implementation of these key strategies in the Medium-Term Business Plan 2022-2024. Our vision for the period of this plan is to achieve growth for the Group by maximizing the individual capabilities of employees. In implementing the key strategies, we will once again plan and advance personnel strategy from an overall perspective.

With management strategies and business models undergoing changes, and with changes in labor markets, we once again discussed issues with our current personnel strategy. On that basis, we will reform the personnel system in regard to the aspects of hiring and placement, development, and evaluation.

Specifically, we will implement such initiatives as increasing the visibility of career paths, supporting re-skilling, promoting women's participation and advancement in the workplace, strengthening mid-career hiring, and revising the wage system. In this way, we will maximize the individual capabilities of the diverse employees who will support the strategies, and we will achieve growth for the Group.

This development of human resources is a key management theme, and the results of the employee awareness survey are a KPI for officer compensation.

### What we will aim for over the period of the plan

#### Achieving growth for the Group by maximizing the individual capabilities of employees

- Changes in management strategies / business models**
- Expansion and specialization of operations
  - Lack of balance in personnel allocation accompanying business revisions. Etc.
- Changes in labor markets that need to be taken into consideration**
- Increase in labor mobility
  - Increase in need for working styles that are not limited by time or place. Etc.

- Planning and advancing personnel strategy from an overall perspective**
- Utilizing the individual capabilities of employees across the organization
  - Establishing/evaluating the degree of achievement of the personnel strategy as a KPI for officers, reforming the Group's development of human resources from the management level



### Developing personnel for the implementation and realization of strategies

#### Human resources system reform

- Hiring / Placement**
- Realizing a personnel portfolio aligned with strategies**
- Taking an inventory of current personnel portfolio (creating employee skill matrix, etc.)
  - Strengthening flexible mid-career hiring of specialist personnel to address shortages
  - Promoting women's participation and advancement in the workplace
- Development**
- Realizing diverse careers, making full use of human resources**
- Enhancing/expanding the educational environment for the human resources who will support safety and service (Rebuilding Employee Training Center)
  - Advancing the acquisition of multiple skills
  - Increasing visibility and flexibility of career paths (applications for transfers, etc.)
  - Supporting enhancement of employee expertise and re-skilling (strengthening strategic seconding, DX education, introducing video study, etc.)
- Evaluation**
- Increasing employee engagement**
- Revising wage system to place value on results and taking on challenges
  - Continuously implementing exchanges of opinions among employees and officers, etc.
  - Advancing health management

### Completion of new training center for employees



In March 2022, our employee training center was transformed into a future-looking, environmentally friendly facility. The center features a training building with extensive training facilities and a lifestyle building to facilitate communication, providing total support for employee training. We aim to make this an ideal place to develop personnel who take the initiative to learn and take on new challenges, and a place that draws on our past history and traditions while equipping personnel with the skills they need as railway professionals in future.

Specifically, we are digitalizing training materials, such as the introduction of full-scale motion mock-ups, to improve the quality of training for onboard staff and provide a greater level of understanding among the trainees. The layout of mock-up rolling stock, stations, and ticket gates is carefully considered to provide all-encompassing training for employees such as station employees and conductors. We are also diversifying our lesson formats, including adopting electronic chalkboards in the classrooms and selecting equipment with group work in mind.



**Rie Endo**  
General Manager, Employee Training Center





## Realizing a personnel portfolio aligned with strategies

JR Kyushu strives to ensure that our workplaces are healthy, comfortable, and safe for all employees, and is carrying out initiatives to ensure that a diverse range of employees can thrive.

### Creating workplaces where women will thrive

JR Kyushu has formulated an action plan for the promotion of women's participation and advancement in our company based on the Act on Promotion of Women's Participation and Advancement in the Workplace. During the period of the plan that extended from April 1, 2019 to April 1, 2022, we set an objective to raise retention of female employees to 95% or more but fell just short of this. For the period of our current plan (April 1, 2022 to April 1, 2025), we have announced objectives to raise our ratio of female managers to 7.5%. We are working to establish a workplace environment that facilitates the continual participation and advancement of women.

In November 2019, we received grade 2 Eruboshi certification from the Ministry of Health, Labour and Welfare, recognizing our strong implementation of initiatives to promote the participation and advancement of women according to the Act

on Promotion of Women's Participation and Advancement in the Workplace. We are building on this progress to create a working environment where women can continue their career and thrive at JR Kyushu. We are actively working to facilitate the participation and advancement of women so that all of our employees have something to aim for and a workplace that brings them fulfillment.

### Support for those raising the next generation

On December 13, 2021, we received the Platinum Kurumin for the first time. This special mark is issued by the Ministry of Health, Labour and Welfare pursuant to Article 15-2 of the Act on Advancement of Measures to Support Raising Next-Generation Children (Law 120, 2003). We are actively working on further measures to provide support for those raising the next generation, centering on policies of enabling employees to balance work and childcare and creating environments that are easy for all employees to work in.



### Male employees who take childcare leave

As part of our initiatives to make JR Kyushu a workplace where employees can balance work and childcare, we have been carrying out initiatives to increase the ratio of male employees who take childcare leave.

We have already introduced partner childbirth leave in addition to employees' standard accrued leave to make it easier for employees to take leave when their partner is giving birth.

From April 2022, we have taken measures ahead of the amendment of the Child Care and Family Care Leave Act, including adopting a framework for employees to take childbirth and childcare leave when their partner gives birth and allowing employees to divide their childcare leave.

The number of male employees who take childcare leave is increasing every year as a result of initiatives like these.

### Active efforts to hire a diverse range of employees

When we hire employees, we consider candidates regardless of their age or experience in the industry, and make sure our recruitment activities include Japanese candidates who have studied at an overseas university, students from overseas, and students with disabilities. All candidates are treated equally in selection processes, regardless of attributes such as religion, gender, age, sexual orientation, disability, or nationality, and a variety of personalities are welcomed.

In the fiscal year ended March 2022, we expanded our internship program to include online internships and workplace-specific formats that provide an in-depth understanding of the work, so that a wider range of people have the opportunity to learn about our business activities.

As part of our initiatives to promote the advancement of women at JR Kyushu during

the period of this Medium-Term Business Plan, we have announced an objective to increase the ratio of female employees among new employees to 30% or more by the fiscal year ending March 2025\*. We make use of internships and informational events to actively inform candidates about our initiatives to make it easy for employees to balance work and childcare, such as childcare leave, reduced hours, and flex time, and what it is like for women to work here. We will continue to hire the best employees for every job, regardless of gender.

\*As of April 1, 2025



## TOPICS

### Handbook Support for employees raising children or caring for a family member

To provide all-encompassing support for employees who are raising children or caring for a family member, we provide each employee with a handbook called Family Support: Support for Employees Raising Children or Caring for a Family Member. This handbook provides easy-to-understand explanations of our work systems and payment systems for employees who are raising children or caring for a family member. This ensures that both the employees themselves and their supervisors and colleagues are aware of our systems and makes it easy for anyone in the company to use these systems.

### Main indicators for the promotion of women's participation and advancement in our company

Item	Results for '22/3	KPIs of this Medium-Term Business Plan
Ratio of Female Directors	20% <sup>*1</sup>	
Ratio of Female Corporate Officers <sup>*2</sup>	20% <sup>*1</sup>	
Ratio of Female Managers	6.5% <sup>*3</sup>	10% or more (fiscal year ending March 2031) <sup>*4</sup>
Ratio of Female Employees	16.3% <sup>*3</sup>	
Ratio of Female Employees Among New Employees	— (none hired as new employees) <sup>*3</sup>	30% or more (fiscal year ending March 2025) <sup>*5</sup>
Retention Rate of Female Employees	94.4%	
Ratio of Male Employees who Take Childcare Leave	76.3%	50% or more (fiscal year ending March 2025)

\*1 As of end of June 2022

\*2 Excluding those in dual roles as directors and corporate officers

\*3 As of April 1, 2022

\*4 As of April 1, 2031

\*5 As of April 1, 2025

## Realizing diverse careers, making full use of human resources

Through initiatives such as our new business proposal system and strategic seconding, we enable employees to explore a wide range of careers and provide new experiences that offer opportunities for growth. This increases motivation and fulfillment and maximizes the individual capabilities of employees.

### Future Creation Program HIRAMEKI

From the fiscal year ended March 2019, we started the Future Creation Program HIRAMEKI as a representative initiative for our "workplace environment that fosters action." This is a new

business proposal system to which any JR Kyushu employee can submit ideas, regardless of their years of service at JR Kyushu or experience. A key feature of this system is that when an idea is proposed and adopted, the employee who made the proposal is assigned to the new business project. This is not a system where people make proposals and then let someone else implement them. Personnel reassignments are a part of the system, which fosters an eagerness to contribute directly to the realization of a new business idea.

We received 469 proposals between the fiscal year ended March 2019 and the fiscal year ended March 2022.

### HIRAMEKI proposals that have led to projects

Year of proposal	Details of proposal	Workplace of proposer
'19/3	Establishment of a business succession fund	Accounting Division, Finance & Accounting Dept.
'19/3	Project to restore old houses	Kagoshima Railway Operations Dept. Headquarters (Engineering)
'20/3	Businesses using space in stations	Rolling Stock Division, Transportation Dept.
'20/3	Subscriptions for samples of <i>shochu</i> (distilled spirits)	Accounting Division, Finance & Accounting Dept.
'21/3	Campsite management	Customer Service Division, Customer Service Dept.

### Comments from a HIRAMEKI proposal-maker: Project to restore old houses, '19/3

In Kyushu, there are still many old streets and houses that give the area a unique landscape and culture, but these are increasingly being demolished or abandoned for reasons like the high maintenance costs, and the area's distinctive landscape and vitality are being lost. I proposed this project because I want to work together with local governments on appeal-creating and city-building initiatives that make use of historic buildings in order to attract a visiting population, rebuild the local community and contribute to the continuous development of Kyushu. When I started this new project, I was struck deeply by the passion that various employees had about changing Kyushu and the company, and the experience led to personal growth for me. "Akane Sasu" is an accommodation brand that works together with local governments and people to turn historic buildings into accommodation. I want to create local "holiday homes" that offer luxurious spaces and experiences.



**Ryota Haba**  
Land Development Division,  
Planning & Development  
Department, Business  
Development Headquarters

### Strategic seconding

The Group has positioned strategic seconding as an important initiative in the development of personnel. Through strategic seconding, employees gain diverse experience. This is not only linked to the promotion of diversity in the Group's human resources but also directly connected to sustainable growth.

We second employees not only within the Group but also to companies in various industries outside the Group. The number of seconded employees increased to 221\* in April 2021. The employees provide reports on their activities at the other company, which are then shared with all employees.

These employees who have increased their skills through strategic seconding will play central roles in future advancement of the Group's business strategy.

\*As of July 1, 2022

### Examples of strategic seconding

- DX promotion manager / data scientist
- CFO of a hands-on fund
- Corporate management of a company that became part of JR Kyushu Group via M&A, etc.



### Discussions between management and seconded employees

Two conferences were held to facilitate discussions between employees who are being seconded to various companies and our President and the General Manager of Human Resources.

After all the seconded employees talked about their work at each of their temporary posts, they frankly shared their thoughts about points such as the difference between JR Kyushu and the company they were seconded to and positive things about JR Kyushu that they appreciated for the first time after taking on the secondment. A sense of solidarity emerged from their shared struggles as seconded employees, and there were many points that the seconded employees agreed on.

Furthermore, since the employees were working in many different industries, the conference became a business opportunity (a number of employees were seen exchanging business cards) in addition to being a valuable opportunity to interact and share information.



## Increasing employee engagement

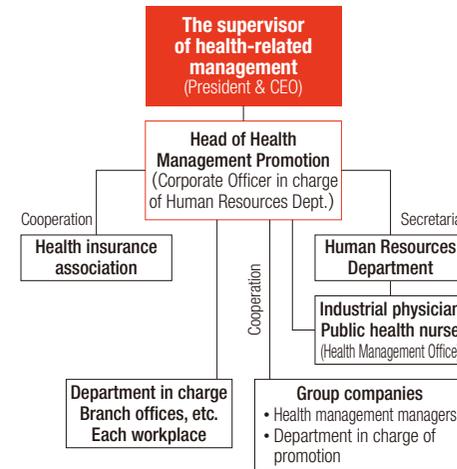
### Health management

We have published the JR Kyushu Group Health Declaration to further promote health-related management in the JR Kyushu Group. In addition to establishing basic policies based on the JR Kyushu Group Health Declaration, JR Kyushu will spend the fiscal year ending March 2023 carrying out a variety of activities to promote specific actions in which employees work more actively to improve their health, based on the slogan “I will get healthy! Creating a culture of perseverance”.

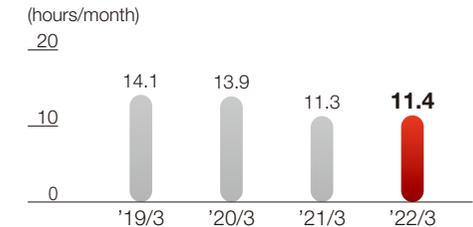
We treat this as an important measure in the company's management and engage in work such as establishing a framework for the promotion of health management, with our president as the supervisor of health-related

management. We report on this to the Board of Directors. We have also established a Health Management Office within the company. The office's activities include workplace visits and health consultations, with a central role played by industrial physicians and public health nurses. In these ways, we are working to support employee health management.

We were recognized as "Health and Productivity Management: Outstanding Organization" for two years in a row as a result of our initiatives in health-related management thus far. We will carry out future health-related management with the aim of earning this certification again.



### Average overtime



### Building Systems that Support Diverse Working Styles

Changes in our management environment include a decreasing working population due to a declining birth rate and an aging population, as well as the diversification of values regarding working style. To respond flexibly to these changes, we have taken steps to establish systems that support diverse working styles. We have raised the maximum age to 70 for employees who wish to work past the age of 65.

In addition, we have introduced flex time and teleworking in our planning department and set up satellite offices in Company-owned facilities to enable employees to balance work and childcare and improve productivity.

We have also revised our system to allow annual paid leave to be taken in hourly units from April 2022.

### Prevention of overworking

To prevent overworking and promote a good work-life balance, as a general rule, employees must not do more than eight hours of overtime in one day, and overtime and working on nonwork days must total less than 45 hours per month and 360 hours per year. Our main initiatives are as follows.

- Working hours are assessed through objective records using equipment such as an IC card
- Regular monitoring of overtime and work on non-work days
- Employees whose overtime and work on non-work days exceed 80 hours per month to meet with an industrial physician
- Overtime and work on non-work days for each quarter are reported at a meeting of the Work System Reform Committee, which is attended by management.

### Progress in implementation of basic policy for health management in the fiscal year ending March 2023 (KPIs)

Item		Target for the end of '25/3	Results for '22/3	Results for '21/3
Knowledge and learning	Employees who have attended an annual health checkup	100%	100.0%	100.0%
	Employees who have received a stress check	100%	100.0%	99.9%
	Employees who are subject to special health guidance	15% or less	20.2%	20.4%
	Special health guidance given to relevant employees	80% or more	— (note)	77.7%
Execution	Employees who have not received a comprehensive health exam in 3 years	15% or less	29.8%	30.3%
	Participants in Minna De Hokatsu <sup>1</sup>	60% or more	59.4%	41.9%
	Percentage of participants who achieved an average of 8,000 steps over the period of Minna De Hokatsu	50% or more	42.4%	47.2%
	Employees who smoke	25% or less	27.5%	28.6%
	Employees who regularly eat breakfast <sup>2</sup>	75% or more	69.9%	70.9%
	Employees who have received a flu vaccination	80% or more	70.3%	79.1%
Percentage of annual paid leave used <sup>3</sup>	85% or more	72.1%	77.0%	

\*1 A walking event held by JR-Kenpo      \*2 At least five days per week (self-reported to health checkup personnel)

\*3 Calculated based on 20 days given per year      (Note) Not calculated as this is being conducted from October 2021 to September 2022

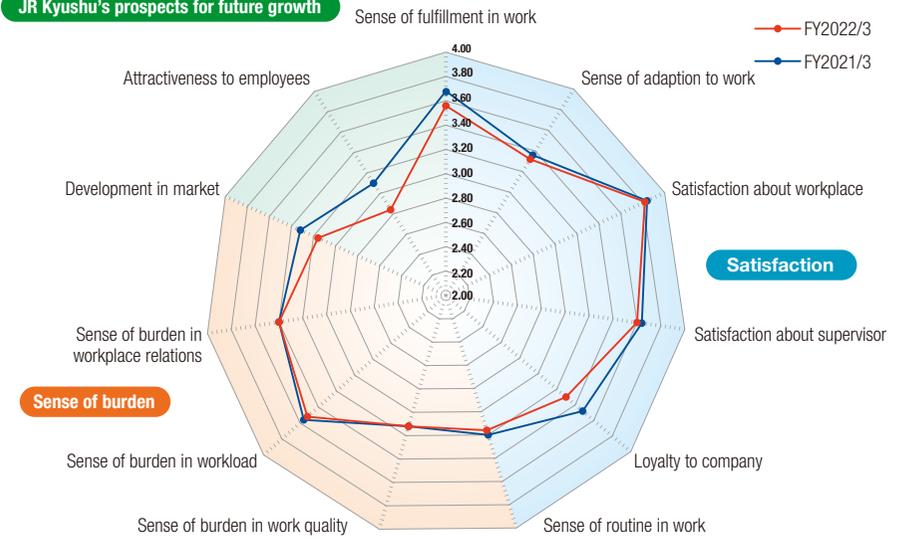
### Employee awareness survey

JR Kyushu conducts regular surveys to assess employees' awareness. The survey ascertains employees' awareness about their job and workplace. We analyze factors that influence employees' awareness according to their age and the nature of their work and apply this data to future measures to invigorate our organization and improve employee satisfaction.

	Survey results	Initiatives based on the survey results
FY2021/3	<ul style="list-style-type: none"> <li>● Improvement since the last fiscal year in satisfaction with supervisors / workplaces and loyalty to the company</li> <li>● Increase in the number of employees who were anxious about the company's results, growth and/or development</li> <li>● A need remains for initiatives that engage employees who feel that they are just going through the motions in their work</li> </ul>	<ul style="list-style-type: none"> <li>● Communicate clearly about subjects such as initiatives related to the JR Kyushu Group Medium-Term Business Plan 2019-2021 and facilitate self-improvement and workplace improvement initiatives based on our Basic Training Plan</li> <li>● Hold discussions between the General Manager of Human Resources and employees</li> <li>● Implement initiatives to support employees who apply for a transfer, etc., based on these discussions</li> </ul>
FY2022/3	<ul style="list-style-type: none"> <li>● Decrease in satisfaction regarding JR Kyushu's future prospects for growth in the market and attractiveness to employees</li> <li>● Company loyalty remains an issue</li> </ul>	<ul style="list-style-type: none"> <li>● Further promote our company principles to employees through ongoing discussions between management and employees</li> <li>● Promote initiatives to improve satisfaction such as sharing these results with each department and site manager and identifying specific issues</li> </ul>

After reporting the results of this survey to the Board of Directors, we received feedback that regular reports are necessary because these results will contribute to increasing the value of JR Kyushu in the medium to long term.

#### JR Kyushu's prospects for future growth



### Discussions with employees

Management is continuing to speak directly with employees by holding discussions at workplaces throughout Kyushu. A non-financial KPI in the JR Kyushu Group Medium-Term Business Plan 2022-2024 is that exchanges of opinions between executives and employees are to be held 40 times per year or more. ▶ P.74

Furthermore, company-wide characteristics and issues in specific organizations that were revealed in the results of the employee attitude survey were analyzed and discussions were held between the General Manager of Human Resources and employees to find ways to improve our practices and change the way we think.

14 discussions attended by about 190 employees were held in various areas, covering employees in numerous roles. A wide range of views were exchanged between the General Manager of Human Resources and the employees with a focus on initiatives aimed at alleviating the sense that employees are just going through the motions at work and at improving loyalty to the company and satisfaction about our workplaces.

We are working to improve employee satisfaction by continuing to use this survey as a tool for dialog with employees and carrying out PDCA cycles.

# Development of Employees Skilled in Digital Technologies

- E** Realization of a de-carbonized society
- S** Safety and service, the foundation for all of our businesses  
Sustainable city-building  
Development of human resources, the source of value creation
- G** Sound corporate management

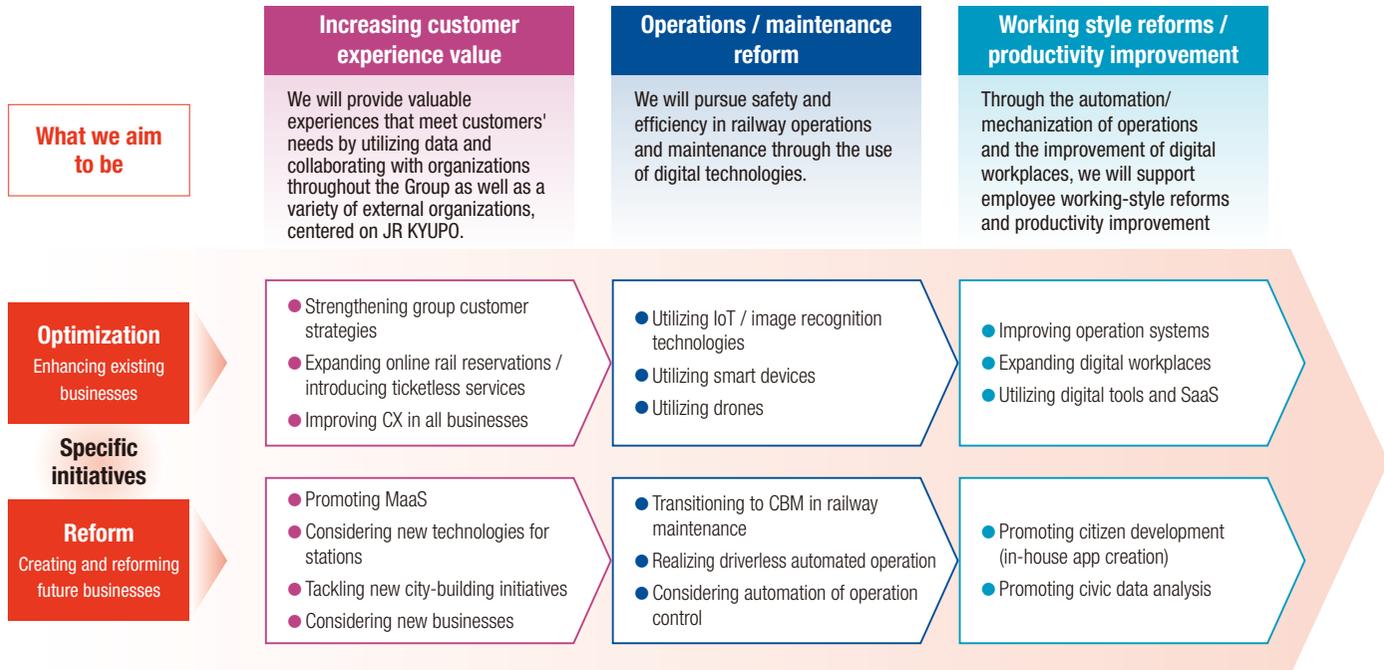
## Fundamental approach

We believe that DX promotion is one of the most important approaches as we consider how to strengthen our management base to support the key strategies in the JR Kyushu Group Medium-Term Business Plan 2022-2024. During this Medium-Term Business Plan period, we will build technology promotion frameworks and digital platforms for the implementation of various measures utilizing digital technologies.

## JR Kyushu Group DX Strategy 2022-2024

We have established the JR Kyushu Group DX Strategy 2022-2024 to provide more details on the initiatives to promote DX that are described in this Medium-Term Business Plan.

This DX Strategy seeks to use digital technologies for optimization and reforms in areas such as providing more valuable experiences for customers and reforming operations and maintenance to become what we aim to be. We are placing a particular focus on development of employees skilled in digital technologies and strengthening our frameworks to strongly promote DX.





**Digital Transformation Certification**

The Japanese government has an application-based DX certification system that recognizes organizations conducting excellent DX-related initiatives based on guidelines formulated by the government. The JR Kyushu Group was certified under this system on March 1, 2022.



## Development of employees skilled in digital technologies

Development of employees skilled in digital technologies is a key theme of the JR Kyushu Group's 2022-2024 DX Strategy Report. In keeping with this, we will clearly define the type of workers we want our employees to become, and will carry out education and development initiatives accordingly. In the fiscal year ended March 2021, we established the Digital CoE (Center of Excellence) as a control tower for Groupwide promotion of digital technologies. The Digital CoE is driving operational reforms through measures such as developing a business app that uses Microsoft Power Platform and conducting data analysis using programming languages such as Python. We have also appointed digital promotion managers in key departments. After specialist training, these managers work together

with the Digital CoE to lead transitions to digital technologies in each department. In terms of app development, in order to strengthen our citizen development systems (systems through which any employee can develop an app), we are working on systems for a company-wide transition to digital technologies by creating platforms, development and operation rules, and communities of developers.

Development of employees skilled in digital technologies like this are well poised to drive improvements in operational efficiency and increases in sales through the use of digital technologies. By the fiscal year ending March 2025, we aim to have trained a total of at least 500 employees across all fields to be skilled in digital technologies.

### Interview with Digital CoE

#### Q What is the Digital CoE working on?

We are working on proposing approaches to achieve operational efficiency and create new measures by analyzing a wide range of data, thinking beyond conventional frameworks such as those of the technology division and sales division.

#### Q What are your strengths?

Our strengths include analysis skills such as video analysis using natural language processing and neural network technologies and detection of anomalies in the signal patterns acquired from IoT devices, along with skills for constructing architecture for analysis platforms using AWS. In addition to expanding those skills horizontally into data analysis in other departments, we aim to utilize them in the development of analysis personnel.

#### Q What is your outlook for the future?

We want to impress upon all employees the importance of data analysis, entrench a data-driven philosophy throughout the company and further accelerate DX in the JR Kyushu Group by further strengthening our analytical capacity and fostering employees who will take a central role in JR Kyushu's data analysis work.



**Masashi Higashimura**  
Corporate Planning Headquarters  
IT Strategic Planning Department

## Digital-1 Grand Prize

The Digital-1 Grand Prize was held in the fiscal year ended March 2022 to encourage employees to find ways to improve operational efficiency by developing apps using RPA and Power Platform or using our BI tool (MotionBoard). There were 19 entries from various departments of the JR Kyushu Group, eight of which were presented online after a document screening and final selection process. Employees who use digital tools to create initiatives to improve work efficiency are mostly from young generations and each year the bar is raised. Many of their ideas, such as combinations of RPA and app development, were strong enough to be turned into actual operational systems, and have potential not only to be used

in their own department but to be rolled out throughout the whole company.

Through initiatives like these, we will remain dedicated to creating a climate for improving the efficiency of our work by encouraging our employees to learn about digital technologies and digitize our work processes.

### Interview with the winner of the Digital-1 Grand Prize

#### Q Tell us about your project

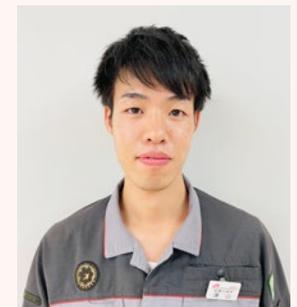
Until now, when inspecting railway tracks, we had to ride on rolling stock and take notes by hand to specify the areas that needed to be inspected. For this project, I worked to make the inspection process more efficient by creating a system that links latitude and longitude data with kilometers of our railroads, enabling records to be created simply by taking a photo of the relevant area.

#### Q How did it feel winning the Digital-1 Grand Prize?

My entry into the Digital-1 Grand Prize was a chance to create a system for an inspection method that presented an issue in my workplace, and won the Grand Prize as a result. It's currently still in the developmental stage, but I plan to continue working with everyone at the Digital CoE to create a system that can be expanded throughout the entire company.

#### Q What do you want to do in future?

I want to continue studying programming and work on digital solutions to what I feel are issues in my workplace.



**Masanori Tsuyama**  
Saga Railway Operations Department  
Saga Engineering Depot

# Advancement of Efforts that Respect Human Rights

<b>E</b>	Realization of a de-carbonized society
<b>S</b>	Safety and service, the foundation for all of our businesses Sustainable city-building Development of human resources, the source of value creation
<b>G</b>	Sound corporate management

## Fundamental approach

The JR Kyushu Group has established the JR Kyushu Group Basic Policy on Human Rights as a guideline for promoting efforts to respect human rights and fulfilling responsibilities tied to those efforts. This policy is positioned at the highest level of policy regarding human rights and is the basis for all business activities in the group. We will contribute to the creation of a sustainable society by working to respect human rights in accordance with this policy.

## The JR Kyushu Group Basic Policy on Human Rights

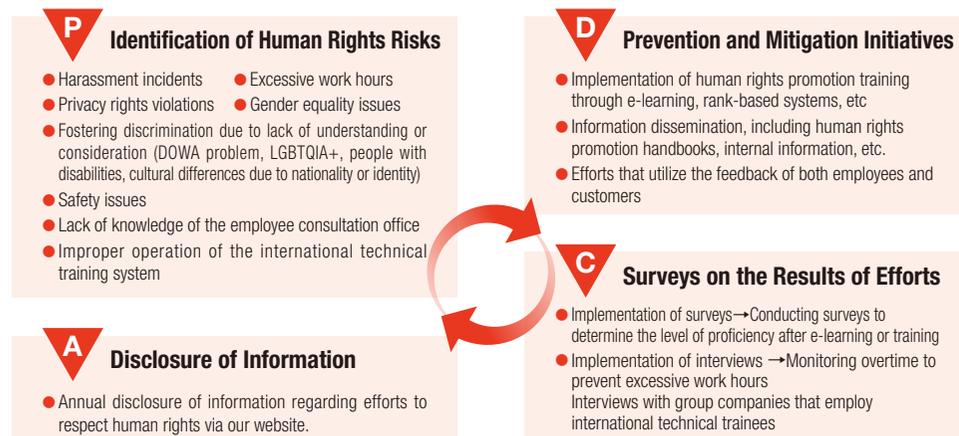
Aiming to realize the JR Kyushu Group's vision of becoming a "corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation", the JR Kyushu Group conducts sincere, fair and transparent business to contribute to the creation of a sustainable society.

We recognize that human rights may be impacted as a part of the process of conducting business. To express our intent to honor the human rights of all people involved in business operations, we have established the JR Kyushu Group Basic Policy on Human Rights.

## Human rights due diligence efforts

The JR Kyushu Group promotes efforts in human rights due diligence based on the JR Kyushu Group Basic Policy on Human Rights. Human rights due diligence proceeds according to the following four steps: (1) identification of human rights risks, (2) prevention and mitigation initiatives, (3) surveys on the results of efforts, (4) disclosure of information.

Furthermore, the following efforts are regularly implemented for each.



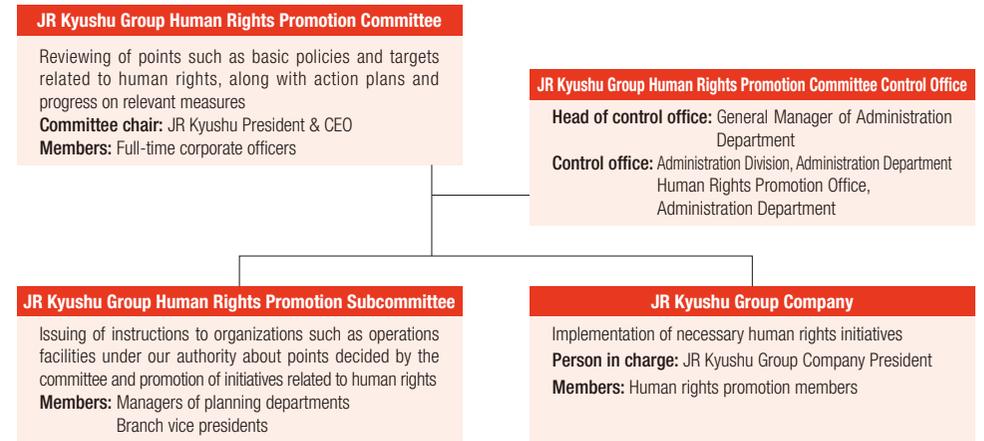
## Building a remedial action mechanism (establishment of a consultation desk)

The JR Kyushu Group has established a whistleblowing desk to allow all employees, business partners, customers, and members of the community to consult about issues such as human rights. The desk accepts anonymous reports, and in the case that a report is not anonymous, details such as the reporter's name will be kept strictly confidential. Due diligence will be conducted to fact check each report, and remedial action will be taken if an issue is found.

## Human rights promotion system

The JR Kyushu Group has established the JR Kyushu Group Human Rights Promotion Committee to promote efforts related to the JR Kyushu Group Basic Policy on Human Rights. Matters determined by the committee are reported to the Board of Directors when necessary.

### The JR Kyushu Group's human rights promotion system



## The JR Kyushu Group Human Rights Promotion Efforts

- (1) Implementation of human rights promotion training through e-learning, rank-based systems, etc.
- (2) Creation and distribution of a handbook on the JR Kyushu Group's human rights initiatives
- (3) Activities as a secretariat company of the Fukuoka City Corporate Social Inclusion Promotion Council (JR Kyushu)



Seminars on human rights promotion

▶ See our website for details on our human rights initiatives

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



## Governance

### Sound Corporate Management

- Corporate governance
  - Round-table discussions for outside directors
- Risk management, compliance
- Enhancing communication with stakeholders





# Sound Corporate Management — Corporate Governance

- E** Realization of a de-carbonized society
- S** Safety and service, the foundation for all of our businesses  
Sustainable city-building  
Development of human resources, the source of value creation
- G** Sound corporate management

## Structure of the Board of Directors \*As of June 23, 2022



Representative Director and Chairperson  
Corporate Officer

**Toshihiko Aoyagi**

Chairperson of the Board of Directors

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2022:  
13/13 (100%)  
Number of shares in JR Kyushu owned:  
12,046 shares

**Profile**  
Apr. 1977 Joined Japanese National Railways  
Apr. 1987 Joined Kyushu Railway Company  
Jun. 1998 General Manager of Transportation Department of Technology and Operations Headquarters, Kyushu Railway Company  
Apr. 2001 General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2004 General Manager of Kagoshima Regional Office, Kyushu Railway Company  
Jun. 2005 Director, General Manager of Kagoshima Regional Office, Kyushu Railway Company  
May 2006 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Planning Department of Railway Operations Headquarters and General Manager of Transportation Safety Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2008 Director, Director General of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2010 Managing Director, Director General of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2010 Managing Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company  
Aug. 2010 Managing Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company  
Jun. 2012 Senior Managing Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company  
Jun. 2013 Senior Managing Director and Representative Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company  
Jun. 2014 Representative Director and President, Kyushu Railway Company  
Jun. 2018 Representative Director, President and Corporate Officer, Kyushu Railway Company  
Jun. 2019 Representative Director, President and Corporate Officer and Chief Executive Officer, Kyushu Railway Company  
Apr. 2022 Representative Director and Chairperson, Corporate Officer, Kyushu Railway Company (current)

**Important information on concurrent posts:**  
Incorporated Chair of Fukuoka Association of Corporate Executives



Director, Managing Corporate Officer and Chief Financial Officer

**Takuma Matsushita**

Chief Financial Officer

Director General of Corporate Planning Headquarters

In charge of Public Relations Department and Finance & Accounting Department

Number of shares in JR Kyushu owned:  
1,991 shares

**Profile**  
Apr. 1991 Joined Kyushu Railway Company  
May 2011 Deputy General Manager of Administration Department, Kyushu Railway Company  
Jun. 2011 General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company  
May 2014 President of JR KYUSHU DRUG ELEVEN CO., LTD.  
Jun. 2017 Director, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company  
Jun. 2018 Senior Corporate Officer, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company  
Jun. 2019 Managing Corporate Officer, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company  
Apr. 2022 Managing Corporate Officer, Chief Financial Officer, Director General of Corporate Planning Headquarters  
Jun. 2022 Director, Managing Corporate Officer, Chief Financial Officer, Director General of Corporate Planning Headquarters (current)

**Important information on concurrent posts:**  
None



Representative Director, President, Corporate Officer, and Chief Executive Officer

**Yoji Furumiya**

Chief Executive Officer  
In charge of Auditing Department

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2022:  
13/13 (100%)  
Number of shares in JR Kyushu owned:  
7,616 shares

**Profile**  
Apr. 1985 Joined Japanese National Railways  
Apr. 1987 Joined Kyushu Railway Company  
May 2005 General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company  
May 2006 General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2010 General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2011 General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2012 General Manager of Administration Department, Kyushu Railway Company  
Jun. 2012 Director and General Manager of Administration Department, Kyushu Railway Company  
Sep. 2012 Director, General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Administration Department, Kyushu Railway Company  
Jun. 2013 Director, General Manager of Administration Department, Kyushu Railway Company  
Jun. 2016 Managing Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company  
Jun. 2018 Director and Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company  
Jun. 2019 Director and Senior Managing Corporate Officer, Director General of Corporate Planning Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company  
Jun. 2020 Director and Senior Managing Corporate Officer, Director General of Corporate Planning Headquarters, Kyushu Railway Company  
Apr. 2022 Representative Director, President and Corporate Officer and Chief Executive Officer, Kyushu Railway Company (current)

**Important information on concurrent posts:**  
None



Director and Senior Executive Adviser

**Koji Karaike**

Full-time member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2022:  
13/13 (100%)  
Number of shares in JR Kyushu owned:  
7,449 shares

**Profile**  
Apr. 1977 Joined Japanese National Railways  
Apr. 1987 Joined Kyushu Railway Company  
Mar. 1995 General Manager of Restaurant Business of Distribution Operations Headquarters, Kyushu Railway Company  
Apr. 1996 President, JR Kyushu Food Service Inc.  
Jun. 1997 General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company  
Jun. 2000 Representative Director and President, JR Kyushu Food Service Inc.  
Jun. 2003 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2005 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Customer Service Department of Railway Operations Headquarters, General Manager of Marketing & Sales Department of Railway Operations Headquarters and Director General of Travel Services Headquarters, Kyushu Railway Company  
Jun. 2006 Managing Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company  
Jun. 2008 Managing Director and Deputy Director General, Corporate Planning Headquarters, Kyushu Railway Company  
Jun. 2008 Senior Managing Director, Representative Director, Director and General Manager of Corporate Planning Headquarters, Kyushu Railway Company  
Jun. 2009 Representative Director and President, Kyushu Railway Company  
Jun. 2014 Representative Director and Chairperson, Kyushu Railway Company  
Jun. 2018 Representative Director and Chairperson, Corporate Officer, Kyushu Railway Company  
Apr. 2022 Director and Senior Executive Adviser, Kyushu Railway Company (current)

**Important information on concurrent posts:**  
Chairperson of Kyushu Tourism Organization



Director and Managing Corporate Officer

**Toshihiro Mori**

Director General of Business Development Headquarters

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2022:  
13/13 (100%)  
Number of shares in JR Kyushu owned:  
2,172 shares

**Profile**  
Apr. 1991 Joined Kyushu Railway Company  
May 2007 Director, Drug Eleven Holdings Co., Ltd.  
Jun. 2009 President, Drug Eleven Holdings Co., Ltd.  
May 2011 General Manager of Fund Management Department, Kyushu Railway Company  
Jun. 2013 General Manager of Finance & Accounting Department, Kyushu Railway Company  
Jun. 2014 General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2015 General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2017 Director, General Manager of Travel Services Headquarters, Kyushu Railway Company  
Apr. 2018 Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company  
Jun. 2018 Senior Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company  
Jun. 2019 Director, Managing Corporate Officer, Chief Financial Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company  
Apr. 2022 Director and Managing Corporate Officer, Director General of Business Development Headquarters, Kyushu Railway Company (current)

**Important information on concurrent posts:**  
None



Director

**Toshihide Ichikawa**

Part-time member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2022:  
13/13 (100%)  
Number of shares in JR Kyushu owned: –  
Tenure as outside director of the Company:  
3 years

**Profile**  
Apr. 1977 Joined Mitsui Fudosan Co., Ltd.  
Apr. 2003 General Manager of Roppongi-Project Development Planning Department, Mitsui Fudosan Co., Ltd.  
Apr. 2005 Managing Officer, General Manager of Roppongi-Project Development Planning Department, Mitsui Fudosan Co., Ltd.  
Aug. 2005 Managing Officer, General Manager of Tokyo Midtown Development Department, Mitsui Fudosan Co., Ltd.  
Apr. 2008 Executive Managing Officer, Chief Manager of Tokyo Midtown Development Department, Mitsui Fudosan Co., Ltd.  
Apr. 2009 Executive Managing Officer, Chief Operating Officer of Accommodations Business Division, Mitsui Fudosan Co., Ltd.  
Jun. 2011 Executive Managing Director, Executive Managing Officer, Chief Operating Officer of Accommodations Business Division, Mitsui Fudosan Co., Ltd.  
Apr. 2013 Managing Director, Mitsui Fudosan Co., Ltd.  
Apr. 2013 Advisor, Mitsui Home Co., Ltd.  
Jun. 2013 Specialty Appointed Advisor, Mitsui Fudosan Co., Ltd.  
Jun. 2013 Representative Director and President, Director and Executive Officer, Mitsui Home Co., Ltd.  
Oct. 2018 Group Senior Officer, Mitsui Fudosan Co., Ltd.  
Apr. 2019 Advisor, Mitsui Fudosan Co., Ltd. (current)  
Apr. 2019 Standing Advisor, Mitsui Home Co., Ltd. (current)  
Jun. 2019 Director, Kyushu Railway Company (current)

**Important information on concurrent posts:**  
Advisor, Mitsui Fudosan Co., Ltd. Standing Advisor, Mitsui Home Co., Ltd.



Director and Managing Corporate Officer

**Hiroyuki Fukunaga**

Director General of Railway Operations Headquarters, General Manager of Northern Kyushu Regional Head Office

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2022:  
13/13 (100%)  
Number of shares in JR Kyushu owned:  
2,262 shares

**Profile**  
Apr. 1990 Joined Kyushu Railway Company  
Jun. 2013 General Manager of Shinkansen Operational Management Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2015 General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2016 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2018 Senior Corporate Officer, Deputy Director General of Railway Operations Headquarters, General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company  
Jun. 2020 Director and Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company (current)

**Important information on concurrent posts:**  
None



Director

**Shinji Asatsuma**

Part-time member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2022:  
13/13 (100%)  
Number of shares in JR Kyushu owned: –  
Tenure as outside director of the Company:  
3 years

**Profile**  
Apr. 1984 Joined Kansai Paint Co., Ltd.  
Apr. 2002 Executive Officer, General Manager of Corporate Planning Office, Kansai Paint Co., Ltd.  
Apr. 2005 Managing Executive Officer, General Manager of International Div., Kansai Paint Co., Ltd.  
Jun. 2016 Director, Managing Executive Officer, General Manager of Administration Div., Kansai Paint Co., Ltd.  
Apr. 2017 Director, Managing Executive Officer, General Manager of Administration Div., General Manager of Corporate Administration Div., Kansai Paint Co., Ltd.  
Apr. 2018 Director, Managing Executive Officer in charge of Management, Corporate Planning, Human Resources Planning, General Manager of Administration Div., Kansai Paint Co., Ltd.  
Apr. 2019 Director, Kansai Paint Co., Ltd. (retired June 2019)  
Jun. 2019 Director, Kyushu Railway Company (current)

**Important information on concurrent posts:**  
None

-  Outside director
-  Independent director



**Director**  
**Kuniko Muramatsu**  

Part-time member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2022:  
13/13 (100%)  
Number of shares in JR Kyushu owned:  
318 shares  
Tenure as outside director of the Company: 2 years

**Profile**

Oct. 1983 Joined Texas Instruments Japan Limited  
Jan. 1995 General Manager of Public Relations Department, Texas Instruments Japan Limited  
Nov. 2003 Head of Corporate Ethics Office and Officer in charge of Diversity Promotion, Texas Instruments Japan Limited  
Sep. 2009 Retired from Texas Instruments Japan Limited  
Oct. 2009 Chief Researcher, Business Ethics Research Center  
Jan. 2010 Representative Director, Wellness Systems Institute (current)  
Jan. 2014 Director, Japan Professional Football League (J.LEAGUE)  
Apr. 2016 Representative Director, GEWEL (retired March 2019)  
Jun. 2016 Outside Director, C'BON COSMETICS Co., Ltd. (retired June 2019)  
Jun. 2016 Outside Director, YOKOWO CO., LTD. (current)  
Apr. 2018 Councilor, Japan Professional Football League (retired February 2021)  
Apr. 2018 Senior Researcher, Business Ethics Research Center (current)  
Jun. 2019 Outside Director, NEC Networks & System Integration Corporation (current)  
Jun. 2020 Director, Kyushu Railway Company (current)

**Important information on concurrent posts:**

Representative Director, Wellness Systems Institute  
Outside Director, YOKOWO CO., LTD., Outside Director, NEC Networks & System Integration Corporation



**Director, Audit and Supervisory Committee member**  
**Koji Higashi**

Full-time member  
Audit & Supervisory Committee Member

Number of shares in JR Kyushu owned:  
706 shares

**Profile**

Apr. 1990 Joined Kyushu Railway Company  
Mar. 2009 Deputy General Manager of Administration Department, Kyushu Railway Company  
Jun. 2009 Representative Director and President, Inc Train D'or  
Jun. 2013 General Manager of Fund Management Department, Kyushu Railway Company  
Jun. 2014 General Manager of Finance & Accounting Department, Kyushu Railway Company  
Jun. 2017 General Manager of Kumamoto Regional Office, Kyushu Railway Company  
Jun. 2018 Corporate Officer, General Manager of Kumamoto Regional Office, Kyushu Railway Company  
Jun. 2019 Senior Corporate Officer, General Manager of Administration Department, Kyushu Railway Company  
Apr. 2022 Managing Corporate Officer, General Manager of Administration Department, Kyushu Railway Company  
Jun. 2022 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)

**Important information on concurrent posts:**

None



**Director**  
**Michiaki Uriu**  

Part-time member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2022:  
9/11 (81.8%)  
Number of shares in JR Kyushu owned:  
158 shares  
Tenure as outside director of the Company: 1 year

**Profile**

Apr. 1975 Joined Kyushu Electric Power Company, Incorporated  
Jun. 2006 General Manager of Environmental Division, Kyushu Electric Power Company, Incorporated  
Jun. 2007 Executive Officer & Senior Manager of Corporate Planning Division, Kyushu Electric Power Company, Incorporated  
Jul. 2008 Executive Officer & General Manager of Corporate Planning Division, Kyushu Electric Power Company, Incorporated  
Jun. 2009 Director, Senior Managing Executive Officer & General Manager of Thermal Power Generation Division, Kyushu Electric Power Company, Incorporated  
Jun. 2011 Executive Vice President (Representative Director) & General Manager of Thermal Power Generation Division, Kyushu Electric Power Company, Incorporated  
Apr. 2012 President (Representative Director), Kyushu Electric Power Company, Incorporated  
Jun. 2013 Outside Director, THE NISHI-NIPPON CITY BANK, LTD. (current)  
Oct. 2016 Outside Director, Audit and Supervisory Committee Member, THE NISHI-NIPPON CITY BANK, LTD. (current)  
Jun. 2018 Representative Director and Chairperson, Kyushu Electric Power Company, Incorporated (current)  
Jun. 2020 Outside Audit & Supervisory Board Member, Kyudenko Corporation (retired June 2021)  
Jun. 2021 Director, Kyushu Railway Company (current)  
Jun. 2021 Outside Director, RKB MAINICHI HOLDINGS CORPORATION (current)

**Important information on concurrent posts:**

Representative Director and Chairperson, Kyushu Electric Power Company, Incorporated,  
Outside Director, Audit and Supervisory Committee Member, THE NISHI-NIPPON CITY BANK, LTD.,  
Outside Director, RKB MAINICHI HOLDINGS CORPORATION



**Director, Audit and Supervisory Committee member**  
**Yasunori Eto**  

Part-time member  
Audit & Supervisory Committee Member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2022:  
13/13 (100%)  
Number of shares in JR Kyushu owned:  
790 shares  
Tenure as outside director of the Company: 4 years

**Profile**

Apr. 1995 Appointed as a public prosecutor  
Apr. 2009 Deputy Chief Prosecutor, Kagoshima District Public Prosecutors Office  
Apr. 2011 Public prosecutor, Osaka District Public Prosecutors Office  
Sep. 2011 Retired as public prosecutor  
Oct. 2011 Registered as an attorney at law  
Attorney at law, Bengoshi Hojin Hino Sogo Law Office (current)  
Jun. 2018 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)

**Important information on concurrent posts:**

Attorney at Law, Bengoshi Hojin Hino Sogo Law Office



**Director**  
**Hitomi Yamamoto**  

Part-time member

Number of shares in JR Kyushu owned: —  
Tenure as outside director of the Company: —

**Profile**

Apr. 1981 Joined ALL NIPPON AIRWAYS CO., LTD.  
Apr. 2011 General Manager of Inflight Service Crew Department II, Inflight Services Division, ALL NIPPON AIRWAYS CO., LTD.  
Nov. 2012 Deputy General Manager of OSC Quality Promotion Office, ALL NIPPON AIRWAYS CO., LTD.  
Apr. 2013 Leave of absence under Human Resources Department, ALL NIPPON AIRWAYS CO., LTD. (seconded to ALL NIPPON AIRWAYS TRADING CO., LTD.)  
Apr. 2015 Executive Vice President, Deputy Manager in charge of Operations Division, and General Manager of Inflight Services Center, ALL NIPPON AIRWAYS CO., LTD.  
Apr. 2016 Executive Vice President, Manager in charge of ANA Brand Inflight Services Division, Deputy Manager in charge of Operations Division, and General Manager of Inflight Services Center, ALL NIPPON AIRWAYS CO., LTD.  
Apr. 2017 Member of the Board, Executive Vice President, Manager in charge of Promotion of Advancement of Women in the Group, Manager in charge of ANA Brand Inflight Services Division, Deputy Manager in charge of Operations Division, General Manager of Inflight Services Center, and Deputy General Manager of Tokyo Olympic and Paralympic Games Promotion Division, ALL NIPPON AIRWAYS CO., LTD.  
Apr. 2019 Member of the Board, Managing Executive Vice President, Manager in charge of Promotion of Advancement of Women in the Group, Manager in charge of ANA Brand Inflight Services Division, Deputy Manager in charge of Operations Division, General Manager of Inflight Services Center, and Deputy General Manager of Tokyo Olympic and Paralympic Games Promotion Division, ALL NIPPON AIRWAYS CO., LTD.  
Apr. 2020 Member of the Board, Managing Executive Vice President, in charge of Group D&I Promotion Department, ANA Blue Base Integrated Training Center, and Office for Government Aircraft Operations, ALL NIPPON AIRWAYS CO., LTD. (retired March 2021)  
Apr. 2021 Director and Vice President, ANA Strategic Research Institute Co., Ltd. (current)  
Jun. 2022 Director, Kyushu Railway Company (current)

**Important information on concurrent posts:**

Director and Vice President, ANA Strategic Research Institute Co., Ltd.



**Director, Audit and Supervisory Committee member**  
**Hiromi Fujita**  

Part-time member  
Audit & Supervisory Committee Member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2022:  
11/11 (100%)  
Number of shares in JR Kyushu owned:  
158 shares  
Tenure as outside director of the Company: 1 year

**Profile**

Apr. 1980 Joined Nissho Iwai Corporation  
Sep. 1985 Retired from Nissho Iwai Corporation  
Jan. 1996 Part-time Lecturer, Daiel Educational System Inc.  
Jun. 1997 Joined Shirashi Accounting Firm  
Jun. 2000 Retired from Shirashi Accounting Firm  
Sep. 2000 Established Hiromi Fujita Tax Accountant Office  
Oct. 2014 Yuwa Partners Tax Accountants' Corporation  
Oct. 2015 Representative Partner, Sakura Yuwa Partners Tax Accountants' Corporation (current)  
Jan. 2020 Outside Director, Audit and Supervisory Committee Member, IKK Inc.  
Jun. 2021 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)  
Nov. 2021 Outside Director, Audit & Supervisory Board Member, IKK Holdings Inc. (current)

**Important information on concurrent posts:**

Representative Partner, Sakura Yuwa Partners Tax Accountants' Corporation  
Outside Director, Audit & Supervisory Board Member, IKK Holdings Inc.



**Director, Audit and Supervisory Committee member**  
**Koji Otabe**  

Full-time member  
Chairperson of Audit and Supervisory Committee

Number of shares in JR Kyushu owned: —  
Tenure as outside director of the Company: —

**Profile**

Apr. 1987 Joined National Police Agency  
Aug. 2015 Director-General of Gunma Prefectural Police  
Apr. 2017 Deputy Director-General of Policy Evaluation, Commissioner-General's Secretariat, and Deputy Director-General of Commissioner-General's Secretariat, National Police Agency (in charge of Community Safety Bureau)  
Apr. 2018 Deputy Director-General of Commissioner-General's Secretariat, National Police Agency (in charge of Community Safety Bureau)  
Aug. 2019 Vice President of National Police Academy and Deputy Director-General of Commissioner-General's Secretariat, National Police Agency (in charge of Community Safety Bureau)  
Jan. 2020 Director-General of Community Safety Bureau, National Police Agency  
Sep. 2021 Retired from National Police Agency  
Feb. 2022 Advisor, Nippon Life Insurance Company (retired June 2022)  
Jun. 2022 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)

**Important information on concurrent posts:**

None

**Policy and procedures for nominating Directors**

Candidates for directorship are chosen by the Board of Directors on the basis of selection standards specified by the Board of Directors, which include a high level of ethics, personality, character, and management performance, based on a report by the Nomination and Compensation Advisory Committee. If a Director ceases to satisfy the selection standards, significantly impairs the corporate value of Kyushu Railway Company through negligence of their duties, or falls under any reason for disqualification, the Board of Directors will deliberate on the dismissal of the Director according to a report by the Nomination and Compensation Advisory Committee and propose dismissal to the General Meeting of Shareholders. When nominating candidates for Directors who will also be an Audit and Supervisory Committee member, consent must be obtained from the committee in advance.

-  Outside director
-  Independent director

### Skill sets in the Board of Directors

JR Kyushu's Board of Directors nominates a diverse range of Board of Directors candidates who have the knowledge and experience necessary to fulfill the company's mission of sustainable business operations (see (1) in the table) and to run the company (see (2) in the table).

Furthermore, COVID-19 has had serious effects on the Company's business, and as we are now at an important stage in which we must come together as a region to overcome the current challenging business environment, knowledge on Kyushu is becoming increasingly important.

In the JR Kyushu Group Medium-Term Business Plan 2022-2024, the Company upholds the 2030 Long-Term Vision and the policy to realize it, and aims to evolve products and services, mobility, and areas. To realize the 2030 Long-Term Vision, the Company revised material issues and set non-financial KPI. Within this, the Company also believes that the promotion of human resources strategy going forward is important.

Name	Positions, etc.	Areas of expertise that are particularly expected from each director						
		(1)			(2)			
		Railways and mobility services	Real estate and local community development	ESG and sustainability	Corporate management	Legal affairs and risk management	M&A and finance	Human resources and remuneration
<b>Toshihiko Aoyagi</b>	Chairperson Corporate Officer	●		●	●			●
<b>Yoji Furumiya</b>	President Corporate Officer	●		●	●	●		●
<b>Toshihiro Mori</b>	Managing Corporate Officer		●	●	●		●	
<b>Hiroyuki Fukunaga</b>	Managing Corporate Officer	●		●		●		
<b>Takuma Matsushita</b>	Managing Corporate Officer	●		●	●		●	
<b>Koji Karaike</b>	Senior Executive Adviser	●	●	●	●			
<b>Toshihide Ichikawa</b> <span style="color: orange;">○</span> <span style="color: green;">I</span>	Adviser, Mitsui Fudosan Co., Ltd.		●		●			●
<b>Shinji Asatsuma</b> <span style="color: orange;">○</span> <span style="color: green;">I</span>	Former Director, Kansai Paint Co., Ltd.				●	●	●	
<b>Kuniko Muramatsu</b> <span style="color: orange;">○</span> <span style="color: green;">I</span> <span style="color: pink;">Female</span>	Representative Director, Wellness Systems Institute			●	●	●		●
<b>Michiaki Uriu</b> <span style="color: orange;">○</span> <span style="color: green;">I</span>	Representative Director and Chairperson, Kyushu Electric Power Company, Incorporated			●	●	●		●
<b>Hitomi Yamamoto</b> <span style="color: orange;">○</span> <span style="color: green;">I</span> <span style="color: pink;">Female</span>	Director and Vice President, ANA Strategic Research Institute Co., Ltd.	●	●	●		●		
<b>Koji Otabe</b> <span style="color: blue;">A</span> <span style="color: orange;">○</span> <span style="color: green;">I</span>	Chairperson of Audit and Supervisory Committee					●		
<b>Koji Higashi</b> <span style="color: blue;">A</span>					●	●	●	●
<b>Yasunori Eto</b> <span style="color: blue;">A</span> <span style="color: orange;">○</span> <span style="color: green;">I</span>	Attorney at law, Bengoshi Hojin Hino Sogo Law Office					●		
<b>Hiromi Fujita</b> <span style="color: blue;">A</span> <span style="color: orange;">○</span> <span style="color: green;">I</span> <span style="color: pink;">Female</span>	Senior Partner Tax Accountant, Sakura Yuwa Partners Tax Accountant Corporation			●	●		●	

○ Outside I Independent Director A Audit and Supervisory Committee member

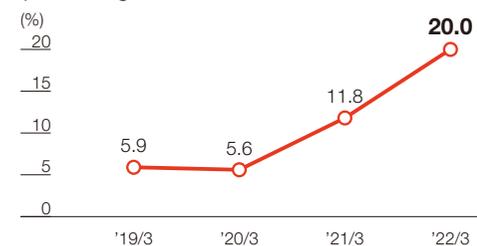
\*As of June 23, 2022

### Corporate Officers (excluding Corporate Officers who are also Directors)

Senior Corporate Officer	<b>Michiya Sadakari</b>	Deputy Director General of Railway Operations Headquarters, General Manager of Planning & Transportation Safety Department
Senior Corporate Officer	<b>Yumi Akagi</b> <span style="color: pink;">Female</span>	Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, in charge of IT Strategic Planning Department
Senior Corporate Officer	<b>Shinji Sawakame</b>	Deputy Director General of Business Development Headquarters, General Manager of Condominium Development Department
Senior Corporate Officer	<b>Hisashi Yamane</b>	General Manager of Administration Department, in charge of Human Resources Department
Corporate Officer	<b>Wataru Tanaka</b>	General Manager of Nagasaki Regional Office
Corporate Officer	<b>Tomonori Uwabu</b>	General Manager of Regional Strategy Department, Corporate Planning Headquarters
Corporate Officer	<b>Hidenori Matsuo</b>	General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department
Corporate Officer	<b>Hiroyuki Nakamura</b>	General Manager of Kagoshima Regional Office
Corporate Officer	<b>Motomichi Miura</b>	General Manager of Customer Service Department and Marketing & Sales Department, Railway Operations Headquarters
Corporate Officer	<b>Kozo Takeda</b>	General Manager of Tokyo Regional Office
Corporate Officer	<b>Mikiko Nakano</b> <span style="color: pink;">Female</span>	General Manager of Kumamoto Regional Office
Corporate Officer	<b>Toshinari Yoshino</b>	General Manager of Oita Regional Office
Corporate Officer	<b>Machiko Hamada</b> <span style="color: pink;">Female</span>	General Manager of Hotel Development Department, Business Development Headquarters
Corporate Officer	<b>Isamu Nakamura</b>	General Manager of Development Department, Business Development Headquarters
Corporate Officer	<b>Hiroki Koga</b>	General Manager of Planning Department, Business Development Headquarters

\*As of June 23, 2022

### Ratio of female corporate officers (Excluding those in dual roles as directors and corporate officers)



\* Scope: Kyushu Railway Company alone

\* As of the end of June in the following fiscal year

## Round-table discussions for outside directors



Michiaki Uriu

Shinji Asatsuma

Izumi Kuwano

Toshihide Ichikawa

Kuniko Muramatsu

\* Outside Director Kuwano resigned upon the conclusion of the 35th Annual General Meeting of Shareholders held on June 23, 2022.

**Our Medium-Term Business Plan 2022-2024 started in April 2022.**

**We talked with outside directors about building a sustainable society and improving the corporate value of the JR Kyushu Group.**



Moderator  
Senior Corporate Officer & General Manager of  
Strategy Management Department, Corporate  
Planning Headquarters

**Yumi Akagi**

### Q How was the process for formulating the new Medium-Term Business Plan?

**Kuwano** I have overseen the JR Kyushu Group as an outside director since before it went public, and having several opportunities to discuss the formulation of the Medium-Term Business Plan at the Board of Directors meetings has been a big change. I believe that having outside directors such as myself giving various opinions and suggestions while enabling two-way communication between the corporate officers and outside directors has enabled us to evolve the plan each time that we hold discussions.

**Uriu** I felt that the corporate officers recognized the issues and were discussing them in a substantive manner. It was great to be able to hear the thoughts and opinions of the corporate officers and exchange opinions at the Board of Directors meetings. I hear that the corporate officers took a trip together to discuss the Medium-Term Business Plan, emulating the training camps that are common for Japanese athletes. I would have loved to join.

**Muramatsu** Indeed. Having an opportunity to join informal discussions can help us share our understanding of management issues and the strategic direction, and enable a deeper exchange of opinions.

**Ichikawa** I think that we were successful in opening up the formulation process. I think that the formulation of such a plan often involves a closed process where the corporate planning department brings together the ideas of top management. This time it felt like we included diverse opinions from outside directors and had a significant amount of debate on the corporate side. Surely this process will become a strong driving force when it comes to actually executing the strategy.

**Asatsuma** Honestly speaking, I would have liked to participate from an earlier stage of the formulation process. The Medium-Term Business Plan should involve discussion on what to do in the next three years, based on our long-term ideas. I would like to participate in discussion from the stage where we consider things from a more long-term perspective. We need to paint a long-term, systematic picture in financial terms, which details the balance sheet and cash flows to aim for.

■ **Muramatsu** I also monitor ESG Strategy Committee meetings as an observer. This time, the formulation process incorporated ideas from an ESG perspective, such as scenario planning methodology and backcasting from 2030, and evaluated key points for implementing ESG management. Having young managers think about the preliminary draft in a workshop is also a wonderful way of promoting personnel development. On the other hand, we need to enhance debate on the integration of financial and non-financial aspects and our long-term capital policy, and this remains a future issue that we need to address.



**Q** Would you please tell us more about any issues or expectations recognized during the formulation of the new Medium-Term Business Plan?

■ **Asatsuma** I gave my opinion on how we should tackle development in regional areas. In regard to regional development, it is particularly important to think about geography separately from business, and consider things that will enable future sources of revenue. We need to create a system where we can have an



income even when people do not move around. It is difficult to do so with one company alone, so I would like the entire JR Kyushu Group to work together to achieve this goal.

■ **Kuwano** The JR Kyushu Group states "city-building initiatives that leverage the distinctive characteristics of local communities" as one of our goals in the Long-Term Vision for 2030. I conveyed my expectations for confronting the issue of city-building and community development in the new Medium-Term Business Plan. At Board of Directors meetings, I also talked about looking ahead to 2030 with diverse regional development models for enriching lifestyles, as well as the need to consider regional connections. The formulation of a policy for achieving our Long-Term Vision for 2030 gives us an idea of city-building and community development that the JR Kyushu Group is aiming for, and I have high expectations for realizing that policy. The policy mentions support for administration and local governments as a means to expand our contribution to the sustained development of Kyushu, and this will lead to us creating new things together in the region. It is important to approach development together with local communities.

■ **Uriu** Another long-term challenge is how we can build sustainable mobility services. For example, I think good model cases, such as community buses that combine self-driving technologies with MaaS, have growth potential. If we could partially take over local government services, it may help solve regional social issues.

■ **Muramatsu** I think one strength of the JR Kyushu Group is that we are in a unique position to connect various stakeholders in Kyushu. I believe that an important mission of the JR Kyushu Group is to become a hub for regional resources and regional cooperation. Many people think of JR Kyushu when they hear "Kyushu," and I think that is because of our brand value. I want the JR Kyushu Group to lead the Kyushu economic zone, and I think that we are in a position to do so.

■ **Ichikawa** I have been saying this for a long time, but I believe that our management needs to transform the way that they see the company, from "a company that operates railways" to "a company that also operates railways." In regard to regional development, we need an overview of other



operations that creates businesses and creates new markets. Our predecessors have already leaped ahead to create a new market for luxurious train trips on the Seven Stars in Kyushu. I think that the emergence of young people with the power to create new markets, rather than creating businesses in existing markets, would enable us to become a better company, and I expect we can do so.

■ **Asatsuma** The JR Kyushu Group utilizes the land it owns for development in areas around railway lines, which achieves growth via the synergy of the railway business and related businesses such as commercial facilities. This has worked for us up until now, but I believe that we are now at a turning point where we must make decisions about how to proceed to the next stage.

■ **Ichikawa** In order to achieve sustainable growth for the company, I think that it is important to conduct business in a manner that effectively utilizes railways. I hope that we can utilize the synergy that comes with being a railway company to avidly pursue various other businesses.

■ **Kuwano** "Creating a model for building cities that promote well-being" is given as an important strategy in the new Medium-Term Business Plan, and I think that the key to this lies in the creation of new businesses based on mobility services in Kyushu.

■ **Muramatsu** It is extremely important to develop personnel and ensure diversity in order to create new markets. Surely new businesses require personnel with diverse perspectives and backgrounds from all walks of life to work together to achieve results.

Q **We conduct business activities based on the idea that when communities are invigorated, the JR Kyushu Group is invigorated too. What do you think about the realization of a sustainable society and the future growth of the JR Kyushu Group?**

■ **Uriu** In regard to sustainability, I believe that the declining population in Kyushu remains our greatest challenge.

■ **Kuwano** The JR Kyushu Group aims to "make Kyushu a place where people will want to live, work, and visit." I believe that the "work" part of this is particularly important. The JR Kyushu Group's strengths lie not only in expanding both living and visiting populations, but also our ability to create employment. We need to leverage these strengths in our city-building and community development. Mobility services are seeing new people becoming involved and a diverse array of personnel and technologies gathering. I believe that the JR Kyushu Group can play a central role in mobility services, with its network around Kyushu and roots in the region.

■ **Asatsuma** This means we have to think about how we can increase the working population. I hope that by creating work opportunities, we can make Kyushu an area where the working population is increasing.

■ **Muramatsu** In "What we aim to be," we state that JR Kyushu Group's activities seek to invigorate Kyushu. I believe that the flow of ESG and sustainability brings possibilities for us to create new markets. I hope that we can utilize these strengths to do so. In the new Medium-Term Business Plan, we revised the material issues for achieving our long-term vision, and one of those was "sustainable city-building." By

visualizing this as a concrete material issue in the formulation process for the Medium-Term Business Plan, I feel that it has become easier to understand the perspective of sustainability and management strategy, and how they relate to substantive efforts.



■ **Ichikawa** We also need to think about group governance, or how we want to handle the organization of the entire group in the long term.

■ **Asatsuma** Opportunities for expanding our business have been increasing, such as with M&A and the creation of new businesses. However, increasing our number of group companies brings with it the risk of labor shortages and a lack of cooperation. The management environment and business environment are changing, and we need to figure out what kind of organization system and administration will contribute to improved corporate value.

■ **Muramatsu** We need to strategically think about group management from various aspects such as risk management, personnel and organizational development, and group synergy promotion, and I believe that the importance of doing so will only increase in the future. On the other hand, there is no correct answer or final form when it comes to group governance, as it is a challenge that must be tackled on a continual basis.

■ **Uriu** Our group companies all have their own distinct personalities, and do not necessarily need to work together. I think that we need to utilize things such as digital transformation to create a system for extracting and sharing information.

Q **Our corporate system was renewed in April 2022. What are your expectations for the new corporate officers?**

■ **Muramatsu** The JR Kyushu Group faced its greatest crisis since the founding of the company due to COVID-19. I praise management for their swift response that prioritized safety above all else, as well as their rapid review of our business in light of the realization that the flow of human movement will not return in the short term.

Our employees have been working extremely hard during these difficult two years. I hope the new corporate officers focus on communication with employees and improving motivation.

■ **Kuwano** I believe that top management need to convey the importance of each job to each worker in order to improve employee engagement.

■ **Uriu** It is extremely important to improve engagement. I hope that top management will convey messages so that employees will take pride in their jobs. At a Board of Directors meeting, I stated that phased human resource development is an important step of our Long-Term Vision for 2030, and that proactively talking with employees about human resource management, recruiting/placement, and career paths is an effective form of messaging, so we should include such information in the Medium-Term Business Plan. I hope that management can also work on inner branding to ensure that each and every employee considers the new Medium-Term Business Plan to be of importance to themselves so that they can work with a positive attitude.

**■ Muramatsu** Personnel strategy is an essential part of sustainable corporate growth. Human resources will be an important factor as our business portfolio continues to change. I understand that up until now the JR Kyushu group has focused on the development of personnel and implemented various initiatives to do so, but I have been suggesting that we make more strategic efforts, with an eye on the big picture. I believe it is a sign of progress that the new Medium-Term Business Plan formulates a personnel strategy that is linked with the management strategy, and discloses that information both inside and outside the company. I think that setting non-financial indicators to be linked with director remuneration\* is also a big step forward, as it shows that the JR Kyushu Group has a strong determination to develop personnel, and I look forward to seeing the results.

\* From July 2022, performance-based remuneration for directors (excluding outside directors and directors who are Audit and Supervisory Committee members) will reflect the results of our employee awareness survey, one of the non-financial KPIs set in our current Medium-Term Business Plan.

▶ P.66



**■ Ichikawa** In terms of personnel development, it is also important to consider how to develop personnel who will carry the company forward in the future. Up until now, employees have had the opportunity to gain experience and polish their management skills while they were young, which led to a career path, but the situation looks set to change in the future.

**■ Uriu** It is extremely important for employees to gain experience for their career path within the entire organization, including the separate group companies. At the same time, I believe it is necessary to have systems that enable employees to take on challenges without fear of defeat, and systems that support them in such endeavors.

**■ Ichikawa** We need a good balance of defense and offense, which will enable us to leverage our strengths, which are our endeavoring spirit and activeness, while also maintaining governance.

COVID-19 has had an extremely large impact on the JR Kyushu Group, but also gave us an opportunity to review various things. The period of this Medium-Term Business Plan is important for the JR Kyushu Group to get back on the path to growth, after the damage caused by COVID-19. As an outside director, I too have a role to play in this.



**■ Akagi** Upon hearing what everyone had to say, I strongly felt the need for each and every employee to come together and take steps toward new endeavors. A crisis will remain a crisis if nothing is done, and this is the only way that we can turn a crisis into an opportunity.

As we look ahead to our Long-Term Vision for 2030, I hope that our employees can continue to work together at the JR Kyushu Group to invigorate the region with both zeal and integrity.



**Fundamental approach**

The JR Kyushu Group is involved in a variety of businesses based on safety and service born of our own strengths. From the base of our operations in Kyushu, we continue to take on the challenge of invigorating Kyushu, Japan as a whole, and the greater Asia area in a tireless and enthusiastic manner.

In order to realize this objective, JR Kyushu aims to be a corporation that earns lasting trust from customers, local community members, business partners, employees and their families, and shareholders. To this end, JR Kyushu is establishing and improving frameworks and systems for decisive and prompt decision-making, as well as for appropriate disclosure of information, while guaranteeing transparency and fairness in management. We are also further enhancing our efforts in corporate governance to realize continuous growth and improvement in corporate value over the medium to long-term.

**Strengthening our corporate governance framework based on communication with investors and third-party evaluations**

From June 2018, JR Kyushu transitioned to a company with an audit and supervisory committee and introduced a corporate officer system. The purpose of these changes was to strengthen the supervisory function of our Board of Directors, enable faster decision-making by management, and ensure efficient corporate management, in addition to separating management's decision-making and supervision from the business operations of the company.

The current composition of the Board of Directors includes five Independent Outside Directors out of eleven Directors who are not Audit and Supervisory Committee members, and three Independent Outside Directors out of four Directors who are Audit and Supervisory Committee members, ensuring the effectiveness of management oversight by having eight Independent Outside Directors out of fifteen Directors. Furthermore, based on the diverse experience and expertise of Outside Directors with knowledge in each field, we held even deeper discussions at meetings of the Board of Directors.

Additionally, we have established a Nomination and Compensation Advisory Committee with an extremely high level of independence, composed of five Independent

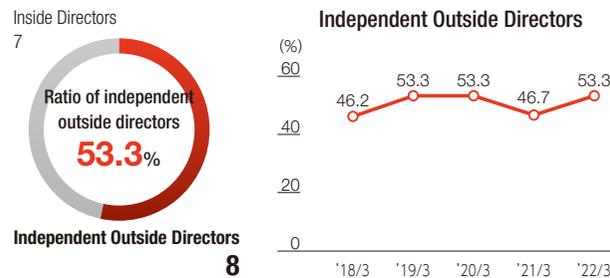
Outside Directors and one Inside Director and chaired by an Independent Outside Director. Furthermore, as part of our efforts to improve governance, we held exchanges of opinions among analysts, institutional investors, and Independent Outside Directors, working to improve the transparency of the Board of Directors. This issues awareness and these

initiatives are based on evaluations and discussions at the Board of Directors effectiveness evaluation implemented every year. We confirm the effects of initiatives in the Board of Directors effectiveness evaluation and are holding discussions at meetings of the Board of Directors to further improve effectiveness.

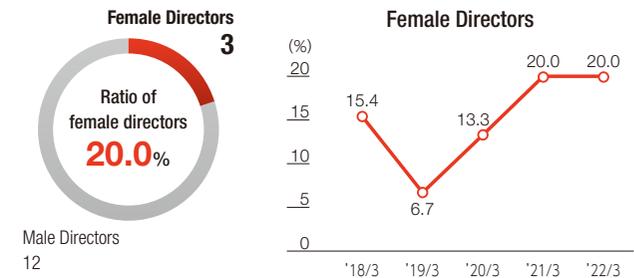
**Governance transition**

		FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3
Governance	Organization	Shifted to a company with an Audit Committee	→	→	→	→
	Committee	Established the Nomination and Compensation Advisory Committee (Assigned an outside director as Chairperson) (9 members in total: 8 external and 1 internal)	→	Nomination and Compensation Advisory Committee (Total number of members streamlined to 6, 5 external and 1 internal)	→	→
	Initiatives to Strengthen Governance	Introduced Corporate Officer system	→	→	→ Developed a succession plan	→
Board of Directors	Number of Directors	13	15 Clarified the position of CFO	→	→	→
	Independent Outside Directors (# of Directors/%)	6/46.2%	8/53.3% Added two Outside Directors with expertise in real estate and IR/finance	8/53.3% Added one outside director with expertise in ESG	7/46.7%	8/53.3%
	Female Directors (# of Directors/%)	2/15.4%	1/6.7%	2/13.3%	3/20.0%	3/20.0%
Compensation			Performance-based compensation plan Introduced "Board Benefit Trust"	→	→	Added monetary remuneration to performance-based remuneration Set non-financial KPIs as criteria for share-based remuneration
Board Effectiveness Evaluation	Introduced board effectiveness evaluations by a third-party organization	→	→	→	Implemented in-house	Implemented in-house (scheduled)

**Ratio of independent outside directors**



**Ratio of female directors**



\*As of the end of June in the following year

\*As of the end of June in the following year



### Board of Directors

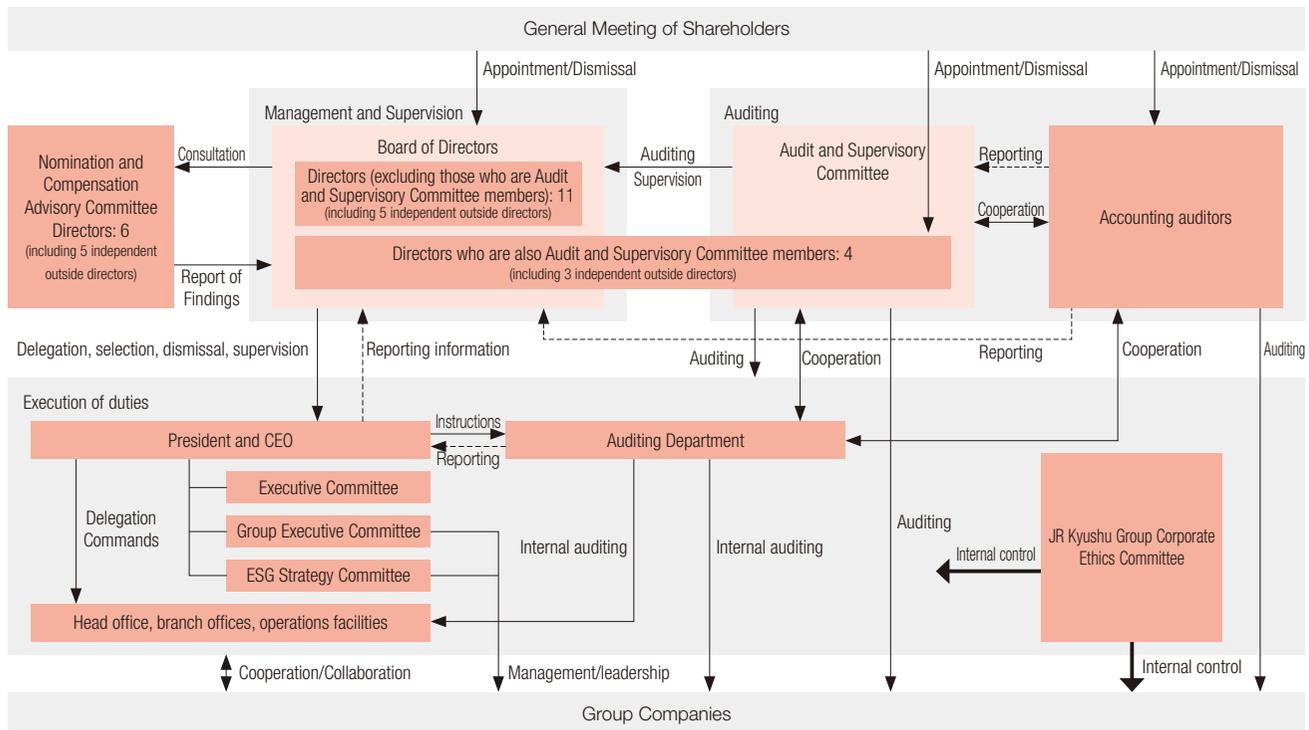
The Board of Directors makes decisions on matters determined by law and important matters stipulated by the rules of the Board of Directors. The Board also supervises the business operations of directors, senior corporate officers, and corporate officers. The Board of Directors meets once a month, as 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. Eight independent outside directors have been appointed in order to further strengthen the supervisory function over the Board of Directors.

In addition, JR Kyushu has established the Executive Committee, which in principle meets once a week. In accordance with the stipulations in the Articles of Incorporation, the committee deliberates items determined by the Board of Directors regarding the delegation of authority as

well as important items pertaining to JR Kyushu's operation. Furthermore, JR Kyushu has set up the Group Executive Committee, which deliberates management strategies such as the JR Kyushu Group's management vision and the allocation of management resources as well as important items related to individual companies in the JR Kyushu Group. By overseeing the management of group companies, the Group Executive Committee works to enhance the JR Kyushu Group's comprehensive strengths.

Corporate Governance Structure (as of July 1, 2022)



### Audit and Supervisory Committee

The Audit and Supervisory Committee receives reports on important matters related to audits, holds discussions, and passes resolutions. The Audit and Supervisory Committee meets once a month, as a general rule, and holds extraordinary meetings when necessary. The committee consists of four members (including three independent outside directors) and conducts audits concerning the execution of duties by directors, senior corporate officers, and corporate officers.

### Nomination and Compensation Advisory Committee

JR Kyushu has established the Nomination and Compensation Advisory Committee, which serves as an advisory body to the Board of Directors. The committee comprises five independent outside directors and one inside director, and is chaired by an independent outside director. In regard to the appointment and dismissal of directors and the compensation of corporate directors, decisions are made by the Board of Directors with consideration for reports from the Nomination and Compensation Advisory Committee.

## Remuneration for Directors

**Changes to the policy for determining director remuneration** (excluding outside directors and directors who are Audit and Supervisory Committee members)

We made a decision on changing the policy for determining director remuneration at the Board of Directors meeting held on May 10, 2022.

### 1 Goal of changes

- Monetary remuneration has been added to the remuneration linked to business performance, in order to ensure that the JR Kyushu Group Medium-Term Business Plan 2022-2024 is executed reliably and that directors produce meaningful results by achieving the numeric targets for each fiscal year.
- The performance-based remuneration of our directors now reflects the results of our employee awareness survey, one of the non-financial KPIs set in our current Medium-Term Business Plan, have been incorporated into. The results of our employee awareness survey are a key quantitative indicator of the degree to which we have achieved our personnel strategies, which are a critical foundation for achieving the targets in this Medium-Term Business Plan and our long-

term vision. As such, we have included it in our evaluation of directors to incentivize them and give them a sense of responsibility for this.

### 2 Key points of changes (Remuneration linked to business performance)

- In regard to remuneration linked to business performance, we have added monetary remuneration linked to business performance as a short-term incentive, and set total remuneration so that remuneration linked to business performance (monetary and share-based remuneration) does not exceed roughly 20% of the total remuneration under normal circumstances.

### (TSR)

- We changed the TSR evaluation index from the rate of TOPIX growth to the TSR of other companies in the same industry.

### (Non-financial index)

- We set the level of improvement in overall satisfaction identified in the employee awareness survey as a non-financial KPI.
- As a medium to long term goal, we will add points equal to a maximum of 5% of the long-term incentive part of the share-based remuneration if improvement is seen over the period of the Medium-Term Business Plan (three fiscal years). Points will not be added or subtracted if no improvement is made.

### Key Points Regarding Changes to the Director Remuneration System (excluding outside directors and directors who are audit and supervisory committee members)

		Old system	New system (from July 1, 2022)		
				Notes	
Remuneration structure (annual short-term remuneration)		Basic remuneration : remuneration linked to business performance (share-based remuneration) =8:2	Basic remuneration : remuneration linked to business performance (monetary remuneration + share-based remuneration) =8:2	Monetary remuneration is given to incentivize ongoing accomplishment of numerical targets for each business year	
<b>Linked to business performance</b>					
Monetary remuneration	Performance-linked KPIs (short-term incentives)	— (not included in system)	Annual consolidated operating income	Evaluation index of 0.0-2.0 based on accomplishment (standard score 1.0, maximum 10% of basic remuneration)	
	Time of payment	—	Paid monthly for duration of role	—	
Share-based remuneration	Fixed remuneration	Paid according to position	Paid according to position (no change)	Fixed share-based remuneration also needed in order to share profits and losses with shareholders	
	Performance-linked KPIs	Short-term incentives	Annual consolidated operating income	Annual consolidated operating income (no change)	Multiplied by evaluation index of 0.0-2.0 based on accomplishment (standard score 1.0)
		Long-term incentives	TSR for the period of the Medium-Term Business Plan (relative to TOPIX growth rate)	TSR for the period of the Medium-Term Business Plan (relative to industry competitors)	Multiplied by evaluation index of 0.0-2.0 based on ranking among competitors (standard score 1.0)
		Non-financial (long-term incentives)	— (not included in system)	Results of employee awareness survey during the period of the Medium-Term Business Plan	Maximum of 5% of the above long-term incentives added
	Time of payment	On leaving role as director	On leaving role as director (no change)	—	

### Basic policy concerning the determination of remuneration and the Company's view on remuneration level

Basic regular remuneration for directors is set at a level appropriate for each director's role and responsibilities, while remuneration linked to business performance (monetary remuneration and share-based remuneration) is provided to incentivize improvements in the company's results and corporate value. Appropriate amounts are set by a specialist external institute based on factors such as a survey of other companies.

## Composition of remuneration

### ● Directors (excluding outside directors and directors who are Audit and Supervisory Committee members)

Remuneration for directors comprises 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 share-based remuneration. Performance-linked remuneration functions as a short-term and long-term incentive for improving business performance and corporate value.

#### (i) Performance-linked remuneration (monetary remuneration)

Consolidated operating income for each fiscal year shall be set as a key performance indicator (KPI) for steadily improving results toward the goal of achieving targets set for each fiscal year.

#### (ii) Performance-linked remuneration (share-based remuneration)

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, an index based on a rank shall be set for share-based remuneration, comparing the Company's total shareholder return (TSR) with TSR of competitors in the period of the Medium-Term Business Plan (three fiscal years).

By further clarifying the way in which remuneration for corporate directors is linked to business performance and the value of Company shares, the objective is to ensure that both the benefits of higher share prices and 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 personnel strategy realization.

Basic remuneration and performance-linked remuneration (monetary remuneration) are paid monthly during a director's term of office. Performance-linked remuneration (share-based remuneration) is paid when a director retires.

### ● Outside directors and directors who are Audit and Supervisory Committee Members

In consideration of their responsibilities, these directors' remuneration consists only of basic remuneration.

## Methods of calculating performance-linked remuneration

### ● 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 index 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.

### ● Method of calculating performance-linked remuneration (share-based remuneration)

Short-term incentives in share-based remuneration 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 an index 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 improvements in 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.

## Limits on officers' remuneration

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 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 (including three outside directors).

In addition, with regard to performance-linked share-based remuneration plan "Board Benefit Trust," 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 is 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.

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, shall be converted into one common share of the Company at the time of the provision of the Company's Shares, etc. (in cases 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.

## Procedure for determining remuneration

When determining remuneration for directors (excluding directors who are Audit and Supervisory Committee members), the Nomination and Compensation Advisory Committee,

whose members consist of outside directors and the president, 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. Authority is delegated to the President 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.

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 Outside Director, and at least half of its members are Outside Directors. The Committee engages in discussions with respect to policies on determining the specifics of remuneration for Directors, etc., and the remuneration specifics for individual Directors, etc., and accordingly plays a role in enhancing fairness and objectivity with respect to remuneration.

**Total remuneration for directors in each category, total amount of remuneration by type, and number of directors receiving remuneration amount (FY2022/3)**

Category	Total amount of remuneration (millions of yen)	Total amount of remuneration, etc., by type (millions of yen)		Number of persons paid
		Basic remuneration	Share-based remuneration	
Directors (excluding Audit and Supervisory Committee members and outside directors)	264	239	24	6
Directors (Audit and Supervisory Committee members) (excluding outside directors)	32	32	—	1
Outside directors	82	82	—	10
<b>Total</b>	<b>379</b>	<b>354</b>	<b>24</b>	<b>17</b>

Notes 1. Director compensation amounts do not include the employee portion of compensation for directors who double as employees.  
 2. The above amounts include compensation paid during the term of office of two directors who resigned at the conclusion of the 34th Annual General Meeting of Shareholders held on June 23, 2021.  
 3. "Share-based remuneration" indicated above includes provision for stock benefits based on the performance-based share-based remuneration plan.

**Effectiveness of the Board of Directors**

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 related to said efficiency and then discloses an overview of the results in the Corporate Governance Report.

Between December 2021 and February 2022, 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. Below is an overview of the evaluation results.

**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 Dialog with shareholders, etc.

**Evaluation results for the fiscal year ended March 2022**

**① Progress in relation to issues recognized in the FY2021/3 effectiveness evaluation**

- In the FY2021/3 effectiveness evaluation, issues were raised, including further improving training opportunities to enhance business understanding among outside directors, and even more enhancement of discussion related to the medium- to long-term strategies by the Board of Directors.
- In terms of further improving training opportunities to enhance business understanding among outside directors, through ascertaining the desires of outside directors, we carried out measures that contributed to improving understanding of the Group's business by providing business briefings and onsite tours.
- On the matter of even more enhancement of discussion about medium- to longterm strategies by the Board of Directors, we worked to further enhance discussion by ensuring ample time was provided to raise matters of discussion on multiple occasions at the Board of Directors meetings regarding the formulation of the new Medium-Term Business Plan.

**② Principal issues recognized in the FY2022/3 effectiveness evaluation**

- We recognize that there is a suitable composition of members to ensure the knowledge, capabilities, experience and also diversity required to fulfill the roles and responsibilities of the Board of Directors, and that the Board of Directors is operated efficiently under an environment that promotes forthright and open-minded discussion.
- We recognize that the Audit and Supervisory Committee is provided with necessary information and that the Audit and Supervisory Committee has built an effective system for supervision and monitoring.
- We recognize that a system has been appropriately structured to promote constructive dialog with shareholders, and that appropriate and effective feedback and sharing is provided to the Board of Directors regarding opinions, etc. that have been ascertained through dialog with shareholders.
- As a new issue, we recognize the confirmation of efforts to improve corporate value through DX.

### Future initiatives

Based on this effectiveness evaluation of the Company's Board of Directors, the Company will seek to make further improvements, focusing on the following items, and enhance the functionality of the Board of Directors.

- The Company will continue to conduct sustainable business operations centered in the Kyushu region and appoint 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 aim to develop an optimal workforce capable of effectively and efficiently carrying out such functions.
- The Company recognizes that the promotion of DX will contribute to further improvements in corporate value and will report to the Board of Directors in a timely and appropriate manner.

### Auditing

#### Auditing by the Audit and Supervisory Committee

Our Audit and Supervisory Committee has four members, three of whom are outside directors. In addition to members with legal expertise, we appoint members with sufficient expertise on finance and accounting. Below are details on the attendance of each member of the Audit and Supervisory Committee in the fiscal year ended March 2022.

	Name	Attendance rate (attendance/ total number of meetings)
Full-time member	Eiichi Kuga (outside)	14/14 (100%)
	Masaya Hirokawa	14/14 (100%)
Part-time member	Kazuhide Ide (outside)	4/4 (100%)
	Yasunori Eto (outside)	14/14 (100%)
	Hiromi Fujita (outside)	10/10 (100%)

\* Eiichi Kuga and Masaya Hirokawa resigned upon the conclusion of the 35th Annual General Meeting of Shareholders held on June 23, 2022. Because Kazuhide Ide resigned upon the conclusion of the 34th Annual General Meeting of Shareholders held on June 23, 2021 and Hiromi Fujita was appointed at the 34th Annual General Meeting of Shareholders held on June 23, 2021, their total number of meetings differs from other directors who are Audit and Supervisory Committee members.

Our Audit and Supervisory Committee meetings are used for purposes such as formulating audit plans, creating audit reports, inquiring about the progress of directors' work, and facilitating discussion with the President and outside directors. The key elements of the audit for the fiscal year ended March 2022 were the Company's initiatives for the fiscal year ended March 2022 business policy, its safety measures, and its Work System Reform.

Each member audits our directors' work by attending key meetings such as those of the Board of Directors, reviewing documentation about matters such as key decisions, and visiting head office, branch offices, operations facilities, and group companies to assess the current state of operations and finances.

Our outside members are particularly instrumental in this, using their specialist knowledge and background to provide necessary advice and suggestions during discussions of proposals among the Audit and Supervisory Committee. Our full-time members gather information from our corporate department and work together with our internal auditing department to ensure the effectiveness of the auditing and supervision by the committee. We continued to take measures such as holding online meetings to prevent the spread of COVID-19. The key assessment matters (KAM) for our audits were discussed with our account auditors, who reported on the status of the audits and provided explanations where necessary.

The committee works from our Audit and Supervisory Committee Office. Four staff members carry out administrative work necessary for the running of the committee, such as calling committee meetings and creating minutes.

#### Internal auditing

JR Kyushu has established an Auditing Department at its head office to serve as an institution for conducting internal audits. The department consists of 14 members. Internal audits are carried out for the purpose of gaining an accurate understanding of the management activities of JR Kyushu and its group companies as well as for improving operational efficiency through appropriate advice and recommendations and contributing to sound business development. Specifically,

the Auditing Department carries out audits of the head office, branch offices, on-site operations, and group companies based on auditing plans for each fiscal year. The department reports the results of these audits to the president.

Three meetings were held between the Audit and Supervisory Committee, internal auditors, and account auditors in the fiscal year ended March 2022 to facilitate a strong working relationship between the three parties and share information on audit plans, methods, and results. Additional communication also takes place as necessary between the Audit and Supervisory Committee and the accounting auditor and between the Audit and Supervisory Committee and the internal auditing department to share the necessary information and discuss various matters, enabling more in-depth auditing by all parties involved.

#### Status of shareholding

##### Standards and principles for classification of investment shares

Investment shares held for the purpose of pure investment are those held in order to receive gains from fluctuations in the value of the shares and dividends associated with the shares. Other shares are classified as investment shares held for purposes other than pure investment (cross-shareholdings policy). These are held according to the following shareholding policy.

##### Investment shares held for purposes other than pure investment (listed shares only)

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 in 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.

On an annual basis, the Board of Directors assesses whether or not to hold individual cross-shareholdings, 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 the fiscal year ended March 2022, at a meeting held in September 2021, the Board of Directors conducted assessments of whether to hold individual cross-shareholdings based on the above policy and decided to engage in initiatives to reduce those for which the rationale for continued holding is no longer sufficient.

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.

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

#### Investment shares held for purposes other than pure investment

	Number of issues	Total amounts in balance sheet (millions of yen)
Unlisted shares	30	2,030
Shares other than unlisted shares	13	20,623

(Reference) Percentage of net assets: 5.82%

#### Issues for which the number of shares increased in FY2022/3

	Number of issues	Total acquisition cost related to the increase in the number of shares (millions of yen)	Reasons for the increase in the number of shares
Unlisted shares	—	—	—
Shares other than unlisted shares	—	—	—

#### Issues for which the number of shares decreased in FY2022/3

	Number of issues	Total sale value related to the decrease in the number of shares (millions of yen)
Unlisted shares	2	3
Shares other than unlisted shares	—	—

#### Number of shares per specified investment stock issue, total amounts in balance sheet, etc.

Issue	Fiscal year ended March 2022	Fiscal year ended March 2021
	Number of shares	Number of shares
	Total amounts in balance sheet (millions of yen)	Total amounts in balance sheet (millions of yen)
Central Japan Railway Company	338,200	338,200
	5,399	5,597
East Japan Railway Company	707,800	707,800
	5,032	5,548
West Japan Railway Company	810,400	810,400
	4,125	4,971
KYUDENKO CORPORATION	887,800	887,800
	2,544	3,755
Nishi-Nippon Railroad Co., Ltd.	813,300	813,300
	2,182	2,404
ANA HOLDINGS INC.	246,600	246,600
	632	634
Kyushu Electric Power Company, Incorporated	418,700	418,700
	342	457
SAIBU GAS HOLDINGS CO., LTD.	72,400	72,400
	144	229
T&D Holdings, Inc.	59,950	59,950
	100	85
Fukuoka Financial Group, Inc.	23,650	23,650
	56	49
Mizuho Financial Group, Inc.	21,200	21,200
	33	33
Dai-ichi Life Holdings, Inc.	9,700	9,700
	24	18
Nishi-Nippon Financial Holdings, Inc.	8,493	8,493
	6	6

# Sound Corporate Management — Risk Management and Compliance

- E** Realization of a de-carbonized society
- S** Safety and service, the foundation for all of our businesses  
Sustainable city-building  
Development of human resources, the source of value creation
- G** Sound corporate management

## Information security

### Building of an information security framework

To strengthen security measures throughout the JR Kyushu Group, we set up a CSIRT in March 2019 to carry out systematic pre-emptive initiatives for information security incidents. Information is gathered and shared and training is conducted during normal operations so that our employees can respond quickly in the event of an incident.

## Initiatives to improve information security

There has been a rapid global increase in unauthorized access via ransomware. Because systems are often infected by ransomware via ❶ e-mail, ❷ VPN (Virtual Private Network) devices, or ❸ sites disclosed to the public, we strive to improve our level of security and educate our employees so that unauthorized access can be prevented before it occurs.

- ❶ **E-mail** We conduct targeted e-mail training for all employees of the JR Kyushu Group to cultivate employee awareness on security so that employees do not open suspicious e-mails.
- ❷ **VPN devices** We conduct vulnerability diagnostics and implement countermeasures for any issues that are found.

Furthermore, our CSIRT collects vulnerabilities on a regular basis and enhances our operation in terms of vulnerability response by applying security patches upon conducting a risk evaluation.

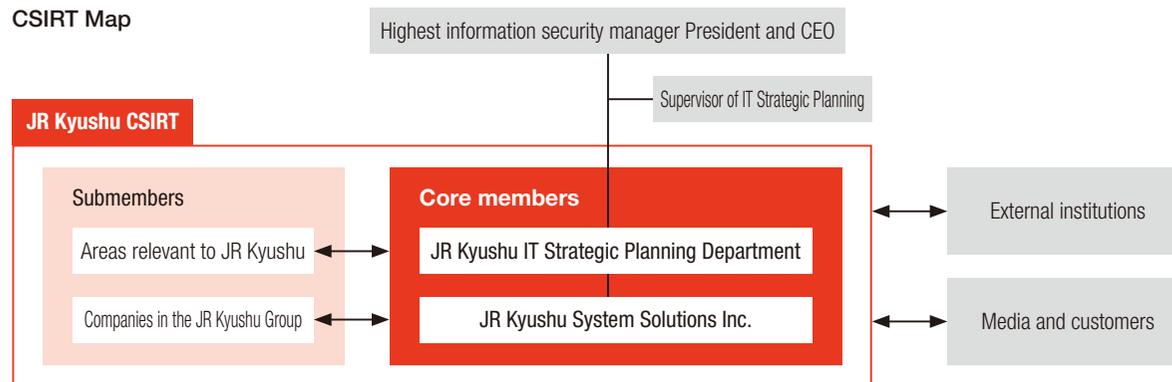
- ❸ **Sites disclosed to the public** We also periodically conduct vulnerability analyses on sites disclosed to the public and formulate guidelines for building public sites, which clarify the required security measures and ensure that the approval process is followed when publishing the sites. We will further enhance our security measures to enable the early detection of risks and rapid response to incidents, so that we can respond to the threat of more sophisticated cyberattacks.

### Overview of CSIRT

CSIRT (Computer Security Incident Response Team)

<b>Name</b>	JR Kyushu CSIRT (JRQ-CSIRT)
<b>Scope</b>	JR Kyushu and other companies in the JR Kyushu Group
<b>Role</b>	<ul style="list-style-type: none"> <li>● Clear communication about incident report desk to ensure early notification of incidents</li> <li>● Rapid response and support in the event of an incident</li> <li>● Information gathering, timely warnings, and security training during normal operations</li> </ul>

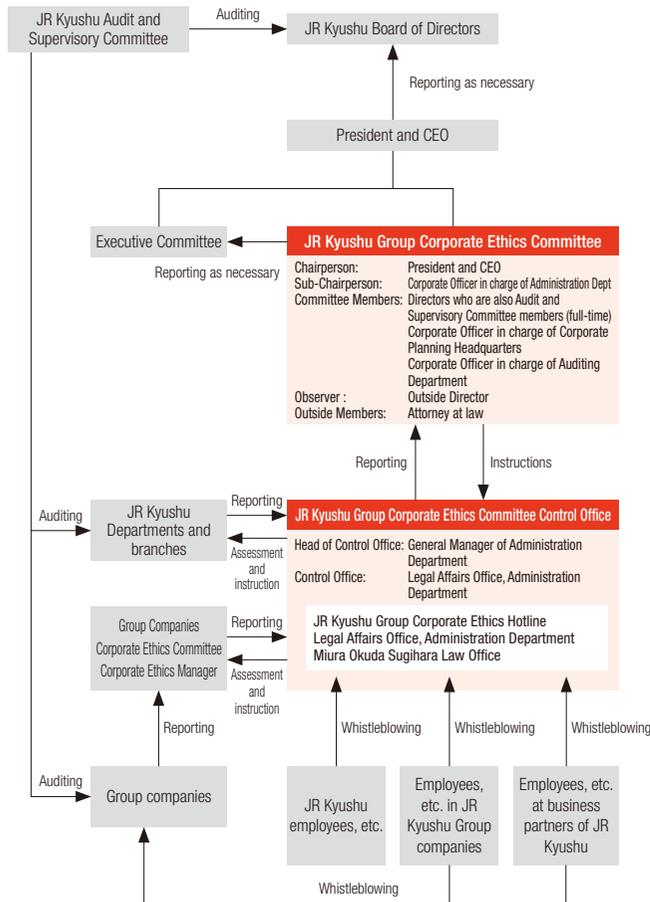
### CSIRT Map



Reports on completion of vulnerability diagnostics

## Corporate ethics Initiatives

### Corporate Ethics Framework Map



### JR Kyushu Group Corporate Ethics Committee

The JR Kyushu Group Corporate Ethics Committee, chaired by the President of JR Kyushu, was formed to establish the corporate ethics of the JR Kyushu Group and adjudicate on matters necessary to ensure full compliance with laws and regulations. Since the fiscal year ended March 2022, we have had outside directors with a high level of knowledge on corporate ethics participate as observers. Matters reported to the JR Kyushu Group Corporate Ethics Hotline are reported to the JR Kyushu Group Corporate Ethics Committee.

The JR Kyushu Group Corporate Ethics Committee has set the following as focal points for corporate ethics in the fiscal year ending March 2023.

- Focal point 1** Ensure that the group training requires attendees to think for themselves to improve their thinking skills for the goal of building awareness on the current efforts regarding corporate ethics.
- Focal point 2** Appropriately respond to and create systems for revised laws (Act on the Protection of Personal Information and Whistleblower Protection Act).

### Internal Whistleblowing System

A JR Kyushu Group Corporate Ethics Hotline is available in both JR Kyushu and an external law office to handle feedback and inquiries about matters such as corporate ethics and law. The hotline can be used by anyone in the JR Kyushu Group or its business partners to report any concerns about business operations or an individual's actions from a corporate ethics or legal perspective. Information provided by whistleblowers will be kept in strict confidence. Whistleblowers will not be treated unfairly on the basis of requesting a consultation.

Consultations have increased in recent years. These are handled appropriately by the consultation desk. Many consultations tend to be about harassment and labor issues.

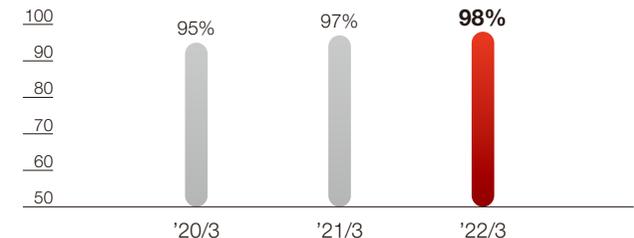
### Number of reports through the hotline by year

Fiscal year	'19/3	'20/3	'21/3	'22/3
Number of reports	39	56	65	73

### Results of corporate ethics awareness survey

The results of the awareness survey given to JR Kyushu employees in the fiscal year ended March 2022 showed that 98% of all JR Kyushu employees were aware of the JR Kyushu Group Corporate Ethics Hotline. We will continue dissemination in order to maintain the high level of awareness regarding the JR Kyushu Group Corporate Ethics Hotline.

### Ratio of employees who said that they knew about the JR Kyushu Group Corporate Ethics Hotline





## Education and training on corporate ethics

### JR Kyushu Group Corporate Ethics Handbook

All employees, including those in group companies, receive a copy of the JR Kyushu Group Corporate Ethics Handbook. The handbook incorporates specific examples of corporate ethics initiatives, such as creating a workplace with ethical measures such as harassment prevention and running a fair business that prevents corruption and other ethical issues. Furthermore, in order to respond to the diversification of personnel in the JR Kyushu Group (elderly and foreign workers), we provide a simplified version of the Corporate Ethics Handbook and its English version as a simpler educational tool.

### JR Kyushu Group Corporate Ethics Handbook



Japanese version

English version

### A month for strengthening corporate ethics

Since the fiscal year ended March 2019, the JR Kyushu Group has designated October as a month for strengthening corporate ethics. As part of these efforts, every two years we hold the JR Kyushu Group Corporate Ethics Seminar and a seminar on compliance for directors, including those at JR Kyushu group companies, and in the fiscal year ended March 2022, we invited an external lecturer to conduct the JR Kyushu Group Seminar on Compliance for Directors.

### Employee training

Employees receive annual training on corporate ethics through methods such as e-learning based on the JR Kyushu Group Code of Ethics to ensure legal compliance by every employee. In the fiscal year ended March 2022, we conducted training based on the themes of corporate ethics and the prevention of harassment.

### Holding Seminars

In addition to e-learning for all employees, we also conduct training for specific individuals and themes.

#### (1) Harassment prevention seminar

We invited the attorney who advises JR Kyushu to train managers such as site managers and the heads of each branch on sexual harassment and abuse of power using specific examples, in response to recent factors such as a revision in the Act on the Comprehensive Promotion of Labour Policies and the recent increase in inquiries about these matters to the JR Kyushu Group Corporate Ethics Hotline.

#### (2) Seminar on the revised Act on the Protection of Personal Information

We conducted a seminar regarding the revised Act on the Protection of Personal Information enacted in April 2022 for the people in charge at JR Kyushu and its group companies. The attorney who advises JR Kyushu gave a talk to provide easy-to-understand explanations of key revisions to the law and other information the workers needed to know.

#### (3) Theme-based training on the mechanisms that cause scandals to occur

We invited an external lecturer that specializes in corporate ethics and risk management to talk to the managers at JR Kyushu Group companies. Managers were able to deepen their understanding by studying specific examples of scandals before the day of the training and discussing those scandals on the day of the training via group work.

### Training and seminars held in the fiscal year ended March 2022

<b>Seminars by guest speakers</b>	<ul style="list-style-type: none"> <li>● Seminar on the Companies Act for directors</li> <li>● Seminar for new directors</li> <li>● JR Kyushu Group Seminar on Compliance for Directors</li> <li>● Training for hotline workers</li> </ul>
<b>Presentations by consulting attorney</b>	<ul style="list-style-type: none"> <li>● Workshop on prevention of harassment</li> <li>● Seminar on the revised Act on the Protection of Personal Information</li> </ul>
<b>Off-site corporate ethics presentations by Legal Affairs Office</b>	<ul style="list-style-type: none"> <li>● Corporate ethics training during training by position</li> <li>● Corporate ethics training for group companies</li> <li>● Corporate ethics training for branches, Transportation Department, etc.</li> </ul>



The JR Kyushu Group Seminar on compliance for directors

# Sound Corporate Management — Enhancing Communication with Stakeholders

- E** Realization of a de-carbonized society
- S** Safety and service, the foundation for all of our businesses  
Sustainable city-building  
Development of human resources, the source of value creation
- G** Sound corporate management

## Discussions with customers

We hold discussions with customers to find out their thoughts on the JR Kyushu Group. We hold two local meetings in eight regions around Kyushu, where customer advocates who are appointed for a year at a time share a variety of opinions. We also hold one central Discussion with Customers, where representatives from each region talk with our management. These activities allow us to gather valuable feedback that we can use to improve the JR Kyushu Group's services and products, as well as allowing us to give customers a more in-depth understanding of the JR Kyushu Group.

For the fiscal year ended March, 2022, in consideration of the impact of COVID-19, we decided to hold one or two local meetings for each district and the central meeting, which was held via web conferencing for the previous fiscal year, was held in person with measures for preventing infection implemented. Despite the concerns about the impact of COVID-19, we were able to receive valuable opinions from our customers.



Number of discussions with customers **14**

## Exchanges of opinions between executives and employees

JR Kyushu holds regular opinion exchange meetings between management and employees to promote a transparent organizational culture. Our management visits workplaces throughout Kyushu, where they provide updates on the company and its policies and encourage employees to share their impressions of their daily work along with questions and suggestions. At that meeting, there is a lively exchange of ideas.



Number of feedback sessions **23**

## Dialog with business partners

Our basic policies on procurement are disclosed by means such as our website to ensure that our trading partners understand and cooperate with our policies. While factors such as COVID-19 and the semiconductor shortage impacted parts of our supply chain in the fiscal year ended March 2022, we were able to obtain steady supplies of materials with the help of our trading partners. Despite COVID-19 making it difficult for us to directly visit our trading partners, we are actively pursuing communication via measures such as written hearings and ESG questionnaires.



Answers to the ESG questionnaire **321**

## Dialog with shareholders and investors

JR Kyushu actively creates opportunities for dialog with shareholders and investors through venues such as the General Meeting of Shareholders, presentations of financial results, individual meetings between management and institutional investors, facility tours, and presentations for individual investors.

Presentations of financial results and presentations for individual investors took the form of online meetings in the fiscal year ended March 2022 due to COVID-19, but we were able to facilitate mutual communication by answering questions from shareholders and investors. These activities allow us to provide information on the JR Kyushu Group's businesses and growth strategies and hear various feedback. The feedback we receive is shared at meetings of our management team and Board of Directors and used to improve our management.



Number of discussions between management and institutional investors **87**

Number of discussions between management and individual investors **2**



## Data Section

### Data Section

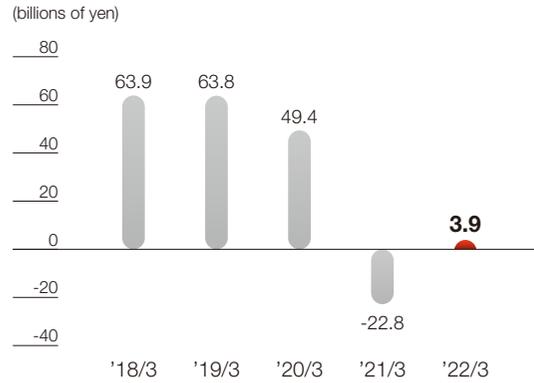
- Financial highlights
- Non-financial information
- Financial information

### Investor Information

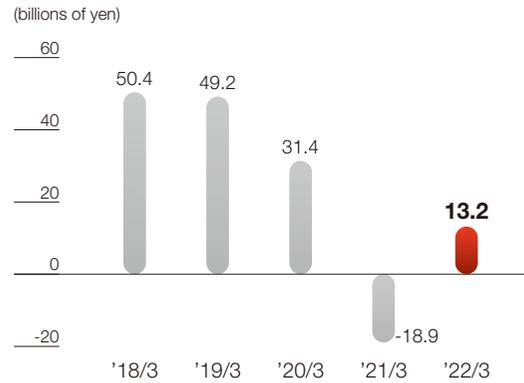
### Consolidated Subsidiary Information

# Financial highlights

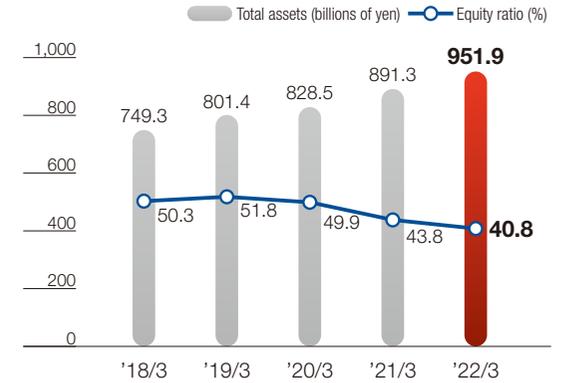
Operating Income (Loss)



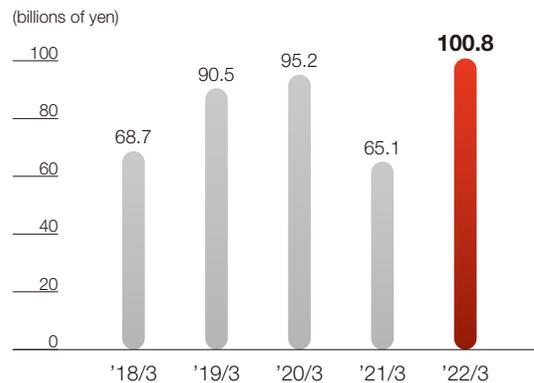
Net Income (Loss) Attributable to Owners of the Parent



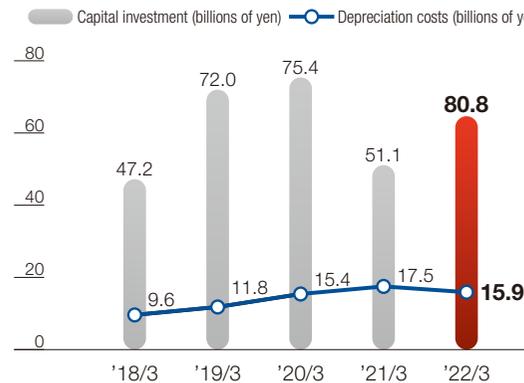
Total Assets/Equity Ratio



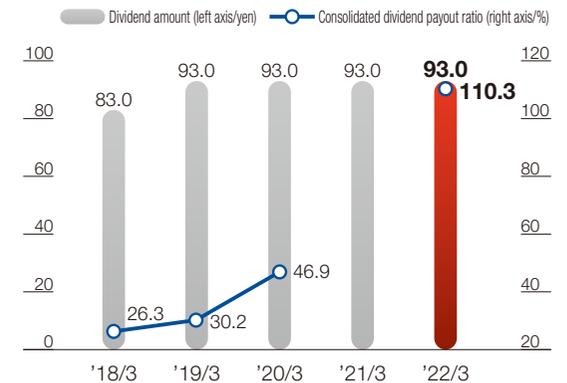
Capital Investment Amounts



Capital Investment Amounts/Depreciation Costs (Non-Consolidated)



Dividends per Share/Consolidated Dividend Payout Ratio

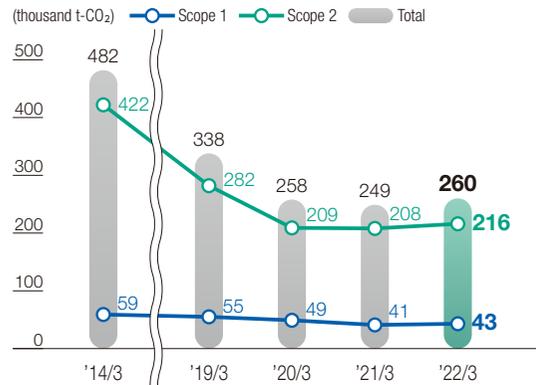


\*In FY '20/3, shares in JR Kyushu (total of 2,698,400 shares with a total value of ¥9.9 billion) were acquired and canceled.

# Non-financial highlights

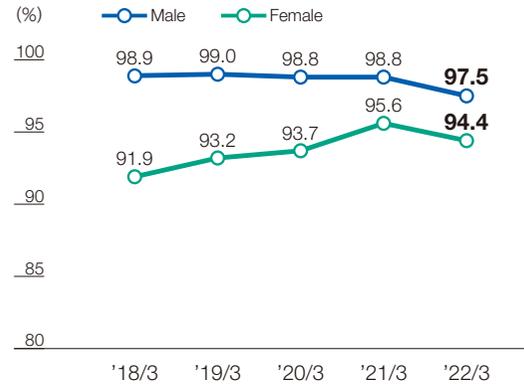
\*Other non-financial information is disclosed in our ESG Data Book.  
 ▶ ESG Data Book  
[https://www.jrkyushu.co.jp/company/ir\\_eng/esg/](https://www.jrkyushu.co.jp/company/ir_eng/esg/)

## CO<sub>2</sub> Emissions



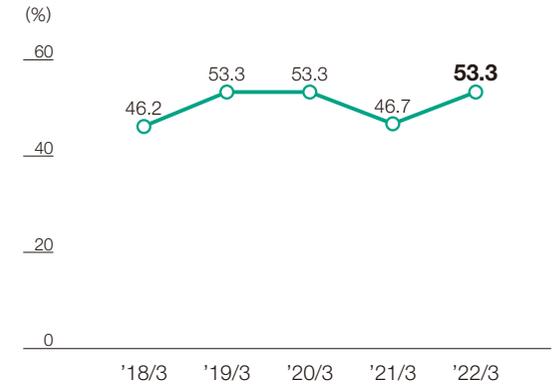
\*Scope: Kyushu Railway Company alone

## Employee Retention Rate



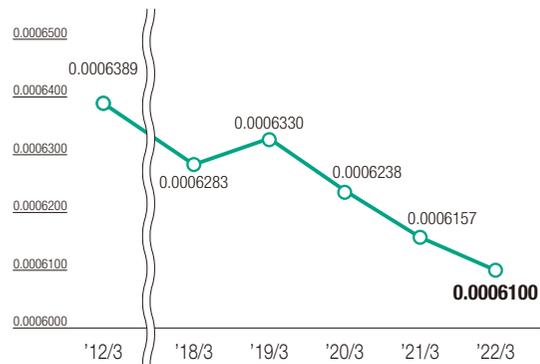
\*Scope: Kyushu Railway Company alone  
 \*Employee retention rate = 1 - (employee turnover rate)

## Ratio of Independent Outside Directors



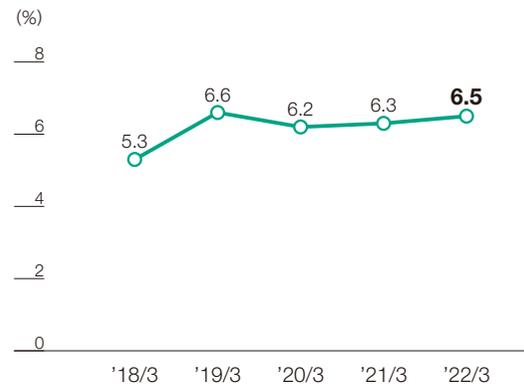
\*Scope: Kyushu Railway Company alone  
 \*As of the end of June in the following fiscal year

## Unit Energy Consumption



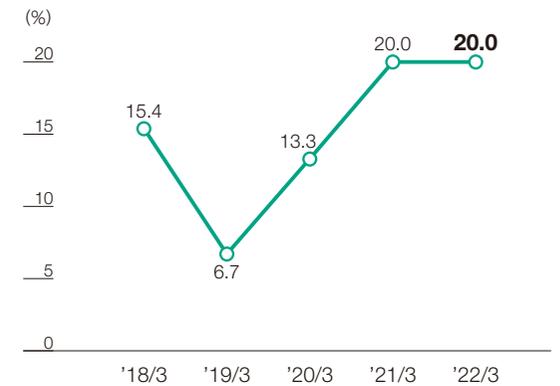
\*Scope: Kyushu Railway Company alone  
 \*Unit energy consumption = energy consumption (electricity, fuel, etc.)/car-kilometers

## Ratio of Female Managers



\*Scope: Kyushu Railway Company alone  
 \*As of April 1st in the following fiscal year

## Ratio of Female Directors



\*Scope: Kyushu Railway Company alone  
 \*As of the end of June in the following fiscal year

## Financial Information

CONSOLIDATED SUMMARY	Former Segments			Current Segments	
	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2022/3
<b>OPERATING REVENUES</b>	440.3	432.6	293.9	<b>329.5</b>	<b>329.5</b>
Transportation Segment	181.8	173.7	95.2	<b>108.9</b>	<b>104.2</b>
Real Estate and Hotels Segment	90.0	90.7	80.1	<b>110.5</b>	<b>113.7</b>
Retail and Restaurant Segment	104.0	104.6	51.4	<b>43.6</b>	<b>43.6</b>
Construction Segment	93.8	99.3	96.5	<b>95.7</b>	<b>92.9</b>
Business Services Segment	72.6	72.1	63.6	<b>60.0</b>	<b>69.5</b>
<b>OPERATING INCOME (LOSS)</b>	63.8	49.4	(22.8)	<b>3.9</b>	<b>3.9</b>
Transportation Segment	27.4	19.8	(37.6)	<b>(22.2)</b>	<b>(22.7)</b>
Real Estate and Hotels Segment	25.4	19.1	9.9	<b>17.9</b>	<b>18.0</b>
Retail and Restaurant Segment	3.4	2.8	(2.5)	<b>(1.2)</b>	<b>(1.2)</b>
Construction Segment	6.2	6.5	6.9	<b>7.0</b>	<b>7.0</b>
Business Services Segment	2.2	2.2	1.7	<b>2.8</b>	<b>3.3</b>
<b>EBITDA</b>	85.4	75.0	4.6	<b>30.7</b>	<b>30.7</b>
Transportation Segment	34.3	29.5	(26.5)	<b>(13.6)</b>	<b>(14.1)</b>
Real Estate and Hotels Segment	35.6	30.5	22.2	<b>31.8</b>	<b>31.9</b>
Retail and Restaurant Segment	5.0	4.4	(1.1)	<b>0</b>	<b>0</b>
Construction Segment	7.2	7.6	8.0	<b>8.0</b>	<b>8.0</b>
Business Services Segment	4.1	4.3	3.7	<b>5.2</b>	<b>5.7</b>
<b>NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	49.2	31.4	(18.9)	<b>13.2</b>	
<b>CAPITAL INVESTMENT AMOUNTS (NON-CONSOLIDATED)</b>	72.0	75.4	51.1	<b>80.8</b>	
<b>DEPRECIATION COSTS (NON-CONSOLIDATED)</b>	11.8	15.4	17.5	<b>15.9</b>	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	41.4	60.4	(10.3)	<b>56.4</b>	
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	(74.6)	(76.9)	(53.9)	<b>(95.7)</b>	
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	5.6	3.3	105.8	<b>52.5</b>	
<b>TOTAL ASSETS</b>	801.4	828.5	891.3	<b>951.9</b>	
<b>TOTAL LIABILITIES</b>	380.7	410.2	495.9	<b>562.9</b>	
<b>TOTAL EQUITY</b>	420.7	418.2	395.4	<b>389.0</b>	
<b>PER SHARE FIGURES (YEN)</b>					
Net Income (Loss)	307.75	198.16	(120.83)	<b>84.34</b>	
Net Assets	2,592.83	2,630.51	2,483.43	<b>2,471.60</b>	
Dividends	93.00	93.00	93.00	<b>93.00</b>	
<b>FINANCIAL RATIO (%)</b>					
Equity Ratio	51.8	49.9	43.8	<b>40.8</b>	
Operating Income to Operating Revenues	14.5	11.4	(7.8)	<b>1.2</b>	
Payout Ratio	30.2	46.9	—	<b>110.3</b>	
<b>OTHERS</b>					
Number of Passengers (Million)	338	337	251	<b>267</b>	
Number of Employees	17,765	17,450	15,661	<b>14,872</b>	
Number of Shares Outstanding (Thousand)	160,000	157,301	157,301	<b>157,301</b>	

(billions of yen)

\*1 Operating revenues, operating income or losses, and EBITDA for each segment are before cancellation of transactions between segments.

\*2 EBITDA for each segment consists of operating income plus depreciation costs (prior to elimination of inter-segment transactions, excluding depreciation costs associated with assets leased for the purpose of subleasing).

\*3 Our Board Benefit Trust (BBT) was introduced from the fiscal year ended March 2020. When calculating the net assets per share from the fiscal year ended March 2020, common shares in JR Kyushu that were held in trust and recorded as treasury stock are included in the treasury stock deducted from the total issued shares at the end of the fiscal year. When calculating the net income or loss per share from the fiscal year ended March 2020, common shares in JR Kyushu that were held in trust and recorded as treasury stock are included in the treasury stock deducted from the average number of shares throughout the fiscal year.

\*4 A dividend payout ratio is not indicated for the fiscal year ended March 2021, as there was a net loss that year.

\*5 Standards such as our Accounting Standards for Revenue Recognition (Company Accounting Standard 29, March 31, 2020) were enacted from the beginning of the fiscal year ended March 2022. These accounting standards have been applied to key management indexes for the fiscal year ended March 2022.

\* Our segments have been reclassified from the fiscal year ending March 2023 to strengthen the business portfolio of the entire JR Kyushu Group.

As a result, our segments have been reclassified from Transportation, Construction, Real Estate and Hotels, Retail and Restaurants, and Other to Transportation, Real Estate and Hotels, Retail and Restaurants, Construction, and Business Services.

## Analysis of results of operations

### Operating revenue

Operating revenue increased 12.1% from the previous fiscal year to ¥329.527 billion, an increase for the first time in three years. This is due to factors such as a moderate recovery in revenue from railway transportation and proceeds from sales of company assets to the private REIT.

### Operating expenses

Operating expenses increased 2.8% from the previous fiscal year to ¥325.583 billion.

Transportation, other services, and operating expenses increased 3.3% from the previous fiscal year to ¥232.566 billion. This was due to factors such as proceeds from the selling of assets to the private REIT and increased costs due to the opening of station buildings.

Selling, general, and administrative expenses increased 1.4% from the previous fiscal year to ¥93.016 billion. This was due to factors such as increased costs due to the opening of station buildings.

### Operating income (loss)

The JR Kyushu Group had an operating income of ¥3.944 billion (in the previous fiscal year, we had an operating loss of ¥22.873 billion).

### Non-operating income and expenses

Non-operating income increased 23.3% from the previous fiscal year to ¥7.6 billion. This is due to factors such as the infection prevention cooperation money we received.

Non-operating expenses decreased 11.7% from the previous fiscal year to ¥2.307 billion. This is due to factors such as a decrease in interest expenses.

### Ordinary income (loss)

The JR Kyushu Group had an ordinary income of ¥9.237 billion (in the previous consolidated fiscal year, we achieved ordinary loss of ¥19.323 billion).

### Extraordinary gains and losses

Extraordinary gains decreased 68.3% from the previous fiscal year to ¥9.581 billion. This is due to factors such as a decrease in proceeds from construction grants received.

Extraordinary losses decreased 63.3% from the previous fiscal year to ¥12.186 billion. This is due to factors such as a decrease in losses from provision for cost reduction of fixed assets.

### Net income (loss) attributable to owners of the parent

The JR Kyushu Group had a net income attributable to owners of the parent of ¥13.250 billion (in the previous fiscal year, net loss attributable to owners of the parent company was ¥18.984 billion).

## Segment overview (operating revenue)

### Transportation segment

Operating revenue in the transportation segment increased 14.3% from the previous fiscal year to ¥108.918 billion. This is due to factors such as a moderate recovery in revenue from railway transportation on Shinkansen and conventional lines, which rose 17.1% to ¥89.374 billion from the previous fiscal year, despite the impact of the COVID-19 pandemic.

Passenger-kilometers on Shinkansen trains rose 15.5% year-on-year to 1,002 million. Commuter pass revenue increased 0.4% from the previous fiscal year to ¥2.474 billion and non-commuter pass revenue increased 24.8% to ¥24.986 billion. Overall revenue rose 22.1% to ¥27.461 billion.

Passenger-kilometers on conventional lines rose 9.2% year-on-year to 5.130 billion. Commuter pass revenue increased 6.8% from the previous fiscal year to ¥25.433 billion and non-commuter pass revenue increased 21.5% to ¥36.475 billion. Overall revenue rose 15.0% to ¥61.908 billion.

### Real estate and hotels segment

Operating revenue in the real estate and hotels segment increased 38.0% from the previous fiscal year to ¥110.580 billion. This is due to factors such as an increase in rental revenue and proceeds from sales of assets to the private REIT.

### Retail and restaurant segment

Operating revenue in the retail and restaurant segment decreased 15.2% from the previous fiscal year to ¥43.644 billion. This was due to factors such as the transfer of some of our stock in JR KYUSHU DRUG ELEVEN CO., LTD. (now DRUG ELEVEN CO., LTD.).

### Construction segment

Operating revenue in the construction segment decreased 0.8% from the previous fiscal year to ¥95.704 billion. This is due to a decrease in construction.

### Other segment

Operating revenue in other segment decreased 5.6% from the previous fiscal year to ¥60.072 billion. This is due to factors such as a decrease in sales of construction materials.

### Financial status analysis

Total assets as of the end of the fiscal year ended March 2022 increased 6.8% compared to the previous fiscal year-end, to ¥951,980 million. Due to an increase in cash and time deposits and other factors, current assets were up 2.9% to ¥206,722 million. Non-current assets increased 7.9% to ¥745,257 million, due to the acquisition of property, plants, and equipment and other factors.

Meanwhile, total liabilities increased 13.5% compared to the previous fiscal year-end, to ¥562,955 million. Due to the issuance of commercial papers, etc., current liabilities were up 25.8% to ¥182,074 million. Non-current liabilities were up 8.4% to ¥380,881 million as a result of the issuance of bonds and other factors.

Furthermore, total net assets decreased 1.6% compared to the previous fiscal year-end, to ¥389,024 million. This was due to factors such as a decline in retained earnings as a result of dividend payments and other expenses.

### Cash flows

Cash and cash equivalents at the end of the fiscal year ended March 2022 increased ¥13.690 billion year-on-year to ¥78.709 billion.

Net cash provided in operating activities was ¥56.460 billion due to factors such as the increase of income before income taxes (compared with ¥10.361 billion in net cash used in operating activities in the previous fiscal year).

Net cash used in investment activities was ¥95.729 billion, up ¥41.816 billion year-on-year, due to an increase in spending on fixed assets and other factors.

Net cash provided by financing activities came to ¥52.539 billion, down ¥53.330 billion year-on-year as a result of factors such as a reduction in fund-raising.

### Dividend policy

We consider the return of profits to shareholders to be an important component of our business, and we place importance on the provision of stable shareholder returns over the long term. Over the period to the fiscal year ending March 2025, we are aiming for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93.0. In addition, we are implementing treasury stock repurchases as the situation requires in order to increase capital efficiency.

While COVID-19 severely impacted our results in this fiscal year, this policy has enabled us to deliver end-of-year dividends of ¥93.0 per share.

In addition, the Articles of Incorporation state that JR Kyushu may, by resolution of the Board of Directors, distribute interim dividends with a record date of September 30 of each year. The decision-making bodies for the payment of dividends from retained earnings is the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. For this fiscal year we chose to pay one dividend at the end of the fiscal year instead of including an interim dividend, so that we could fully ascertain how our results were impacted by COVID-19.

### Risk factors

Our railway network connects Kyushu's major cities through services such as the Kyushu Shinkansen. In addition to the railway business, we are developing businesses centered around Kyushu in fields that are highly compatible with the railway business, including our real estate (station building commercial facilities, condominiums, hotels, etc.), retail and restaurant, and construction businesses.

Of the items included in our annual securities report relating to factors such as the current business and financial situation, those that may have a significant impact on the judgment of investors are indicated in this section.

However, it should be noted that this is not a comprehensive list of all risks related to JR Kyushu Group and its contents are based on the assessment of the JR Kyushu Group as of the end of the fiscal year ended March 2022.

### Risk Factors

- 1 Risks related to infectious diseases
  - 2 Risks related to population trends such as declining birthrate and aging population
  - 3 Risks related to natural disasters
  - 4 Risks related to economic trends and international affairs
  - 5 Risks related to the Medium-Term Business Plan
  - 6 Risks related to information technology (IT)
  - 7 Risks related to protection of personal data
  - 8 Risks related to competition
  - 9 Risks related to the value of the group's assets
  - 10 Risks related to third-party service providers and business partners
  - 11 Risks related to corporate acquisitions, etc.
  - 12 Risks related to environmental regulations and climate change
  - 13 Risks related to the Transportation Group
  - 14 Risks related to the Real Estate and Hotels Group
- Refer to our Risk Factors for details:  
[https://www.jrkyushu.co.jp/company/ir\\_eng/library/integrated\\_report/](https://www.jrkyushu.co.jp/company/ir_eng/library/integrated_report/)



## CONSOLIDATED BALANCE SHEETS

Kyushu Railway Company and Consolidated Subsidiaries

(millions of yen)

	FY2021/3	FY2022/3
<b>ASSETS</b>		
Current assets		
Cash and time deposits	22,927	<b>39,709</b>
Notes and accounts receivable–trade	50,857	—
Notes and accounts receivable–trade, and contract assets	—	<b>45,536</b>
Fares receivable	1,059	<b>2,224</b>
Securities	42,096	<b>39,027</b>
Merchandise and finished goods	13,583	<b>19,757</b>
Work in process	20,429	<b>19,630</b>
Raw materials and supplies	8,352	<b>8,058</b>
Other	41,646	<b>32,821</b>
Allowance for doubtful accounts	(47)	<b>(42)</b>
Total current assets	200,906	<b>206,722</b>
Non-current assets		
Property, plant and equipment		
Buildings and fixtures (net)	284,255	<b>312,746</b>
Machinery, rolling stock and vehicles (net)	38,047	<b>44,001</b>
Land	153,553	<b>147,142</b>
Leased assets (net)	19,664	<b>19,668</b>
Construction in progress	28,498	<b>44,040</b>
Other (net)	8,002	<b>7,708</b>
Total property, plant and equipment	532,021	<b>575,308</b>
Intangible assets	3,940	<b>5,735</b>
Investments and other assets		
Investment securities	45,162	<b>45,086</b>
Deferred tax assets	55,252	<b>62,996</b>
Net defined benefit assets	873	<b>1,007</b>
Other	54,062	<b>56,191</b>
Allowance for doubtful accounts	(840)	<b>(1,067)</b>
Total investments and other assets	154,510	<b>164,214</b>
Total non-current assets	690,472	<b>745,257</b>
Total assets	891,379	<b>951,980</b>

(millions of yen)

	FY2021/3	FY2022/3
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Notes and accounts payable trade	31,942	<b>28,908</b>
Short-term loans	6,885	<b>6,070</b>
Commercial papers	—	<b>35,000</b>
Current portion of long-term debt	4,674	<b>8,780</b>
Payables	47,952	<b>46,564</b>
Accrued income taxes	2,749	<b>1,693</b>
Fare deposits received with regard to railway connecting services	3,060	<b>1,705</b>
Railway fares received in advance	4,737	<b>4,818</b>
Accrued bonuses	5,814	<b>7,066</b>
Other	36,864	<b>41,466</b>
Total current liabilities	144,681	<b>182,074</b>
Non-current liabilities		
Bonds	80,000	<b>120,000</b>
Long-term debt	159,383	<b>153,336</b>
Lease obligations	11,522	<b>11,584</b>
Allowance for safety and environmental measures	1,412	<b>854</b>
Provision for loss on disaster	3,773	<b>2,115</b>
Liability for retirement benefits	50,507	<b>48,890</b>
Asset retirement obligations	1,462	<b>1,448</b>
Other	43,227	<b>42,649</b>
Total non-current liabilities	351,290	<b>380,881</b>
Total liabilities	495,971	<b>562,955</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	16,000	<b>16,000</b>
Capital surplus	224,021	<b>225,847</b>
Retained earnings (deficit)	150,017	<b>147,941</b>
Treasury stock	(594)	<b>(591)</b>
Total common stock	389,445	<b>389,198</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,079	<b>4,781</b>
Foreign currency translation adjustments	(186)	<b>(441)</b>
Defined retirement benefit plans	(6,148)	<b>(5,206)</b>
Total accumulated other comprehensive income	743	<b>(866)</b>
Non-controlling interests	5,218	<b>692</b>
Total net assets	395,408	<b>389,024</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	891,379	<b>951,980</b>

## CONSOLIDATED STATEMENTS OF INCOME

Kyushu Railway Company and Consolidated Subsidiaries

(millions of yen)

	FY2021/3	FY2022/3
<b>OPERATING REVENUES</b>	293,914	<b>329,527</b>
<b>OPERATING EXPENSES</b>		
Transportation, other services and cost of sales	225,037	<b>232,566</b>
Selling, general and administrative expenses	91,750	<b>93,016</b>
Total operating expenses	316,788	<b>325,583</b>
<b>OPERATING INCOME (LOSS)</b>	(22,873)	<b>3,944</b>
<b>NON-OPERATING INCOME</b>		
Interest income	79	<b>96</b>
Dividend income	613	<b>578</b>
Gain on assets held in trust	1,715	<b>2,033</b>
Subsidies for employment adjustment	2,151	<b>1,921</b>
Infection prevention cooperation money	386	<b>1,100</b>
Other	1,217	<b>1,869</b>
Total non-operating income	6,163	<b>7,600</b>
<b>NON-OPERATING EXPENSES</b>		
Interest expense	1,727	<b>1,515</b>
Other	885	<b>791</b>
Total non-operating expenses	2,612	<b>2,307</b>
<b>ORDINARY INCOME (LOSS)</b>	(19,323)	<b>9,237</b>
<b>EXTRAORDINARY GAINS</b>		
Construction grants received	19,599	<b>6,216</b>
Disaster recovery expense subsidy	0	<b>1,106</b>
Gain on sales of shares of subsidiaries and associates	9,144	—
Other	1,521	<b>2,258</b>
Total extraordinary gains	30,265	<b>9,581</b>
<b>EXTRAORDINARY LOSSES</b>		
Losses from provision for cost reduction of fixed assets	19,339	<b>6,006</b>
Impairment loss	6,580	<b>3,196</b>
Provision for loss on disaster	3,491	<b>408</b>
Disaster-damage losses	1,879	<b>329</b>
Other	1,917	<b>2,246</b>
Total extraordinary losses	33,208	<b>12,186</b>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	(22,265)	<b>6,633</b>
<b>INCOME TAXES Current</b>	3,386	<b>2,045</b>
<b>Refund</b>	(908)	—
<b>Deferred</b>	(5,982)	<b>(8,299)</b>
<b>TOTAL INCOME TAXES</b>	(3,503)	<b>(6,253)</b>
<b>NET INCOME (LOSS)</b>	(18,761)	<b>12,886</b>
<b>NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	222	<b>(364)</b>
<b>NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	(18,984)	<b>13,250</b>

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS

(millions of yen)

	FY2021/3	FY2022/3
<b>NET INCOME (LOSS)</b>	(18,761)	<b>12,886</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Unrealized gain on available-for-sale securities	2,646	<b>(2,301)</b>
Deferred gains or losses on hedges	(15)	—
Foreign currency translation adjustments	(193)	<b>(254)</b>
Defined retirement benefit plans	900	<b>913</b>
Total other comprehensive income	3,338	<b>(1,641)</b>
<b>COMPREHENSIVE INCOME</b>	(15,423)	<b>11,244</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Owners of the parent	(15,609)	<b>11,640</b>
Non-controlling interests	186	<b>(395)</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Kyushu Railway Company and Consolidated Subsidiaries

(millions of yen)

	FY2021/3	FY2022/3
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income taxes	(22,265)	<b>6,633</b>
Depreciation costs	29,379	<b>29,027</b>
Losses from provision for cost reduction of fixed assets	19,339	<b>6,006</b>
Impairment loss	6,580	<b>3,196</b>
Increase in provision for loss on disaster	3,491	<b>408</b>
Loss on disaster	1,879	<b>329</b>
Increase (decrease) in allowance for doubtful accounts	(17)	<b>221</b>
Increase (decrease) in liability for retirement benefits	(1,937)	<b>(466)</b>
Increase (decrease) in allowance for safety and environmental measures	(196)	<b>(557)</b>
Interest and dividends income	(692)	<b>(675)</b>
Interest expense	1,727	<b>1,515</b>
Construction grants received	(19,599)	<b>(6,216)</b>
Disaster recovery expense subsidy	(0)	<b>(1,106)</b>
Gain on sales of shares of subsidiaries and associates	(9,144)	—
(Increase) decrease in trade receivables	(10,622)	<b>4,157</b>
(Increase) decrease in inventories	4,523	<b>20,179</b>
Increase (decrease) in trade payables	7,446	<b>(4,308)</b>
Gains on assets held in trust	(1,715)	<b>(2,033)</b>
Subsidies for employment adjustment	(2,151)	<b>(1,921)</b>
Infection prevention cooperation money	(386)	<b>(1,100)</b>
Other	(11,015)	<b>3,793</b>
Subtotal	(5,378)	<b>57,080</b>
Interest and dividends income received	668	<b>638</b>
Interest expense paid	(1,624)	<b>(1,419)</b>
Gain on assets held in trust received	1,713	<b>2,021</b>
Loss on disaster paid	(3,479)	<b>(3,151)</b>
Income taxes paid	(4,226)	<b>(1,884)</b>
Amount received as subsidies for employment adjustment	1,663	<b>2,128</b>
Amount received as infection prevention cooperation money	301	<b>1,045</b>
Amount received as disaster recovery expense subsidy	—	<b>0</b>
Net cash provided by operating activities	(10,361)	<b>56,460</b>

(millions of yen)

	FY2021/3	FY2022/3
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment, and intangible assets	(95,205)	<b>(101,475)</b>
Purchases of investment securities	(2,687)	<b>(4,108)</b>
Proceeds from construction grants	24,797	<b>8,498</b>
Collection of short-term loans receivable	4,220	<b>343</b>
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	12,311	—
Other	2,650	<b>1,013</b>
Net cash provided by (used in) investing activities	(53,912)	<b>(95,729)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase (decrease) in short-term loans payable	(3,146)	<b>(798)</b>
Net increase (decrease) in commercial papers	—	<b>35,000</b>
Proceeds from long-term loans payable	103,636	<b>2,751</b>
Repayment of long-term loans payable	(30,111)	<b>(4,673)</b>
Payments for long-term accounts payable	(259)	<b>(262)</b>
Proceeds from issuance of bonds	40,000	<b>40,000</b>
Proceeds from lease and guarantee deposits received	5,752	<b>1,712</b>
Repayments of lease and guarantee deposits received	(1,621)	<b>(1,366)</b>
Cash dividends paid	(7,314)	<b>(14,629)</b>
Cash dividends paid to non-controlling shareholders	(7)	<b>(7)</b>
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	<b>(2,296)</b>
Other	(1,057)	<b>(2,889)</b>
Net cash used in financing activities	105,870	<b>52,539</b>
<b>EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS</b>	(198)	<b>419</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	41,397	<b>13,690</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	23,817	<b>65,019</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM EXCLUSION OF SUBSIDIARIES FROM CONSOLIDATION</b>	(196)	—
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	65,019	<b>78,709</b>

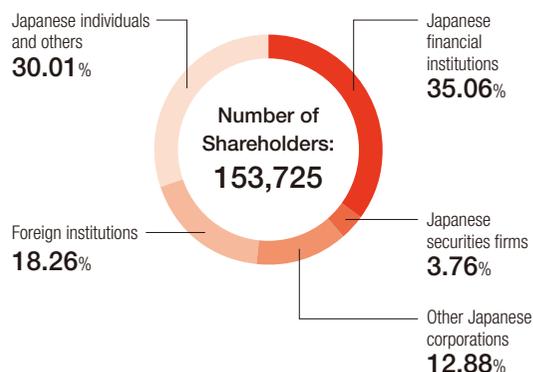
## Investor Information

Stock Exchange Listings	Tokyo Stock Exchange, First Section* Fukuoka Stock Exchange
Securities code	9142
Business year	April 1 to March 31 of the following year
Record Date for Voting Rights	Every March 31
Ordinary General Meeting of Shareholders	Meeting held every June
Record Date for Dividends	Year-end: Every March 31 Interim: Every September 30 (Record date in case of dividend payment)
Share Unit Number	100 shares
Total Number of Authorized Shares	640,000,000 shares
Total Number of Issued Shares	157,301,600 shares

\*Transitioned to prime market on April 4, 2022

(as of March 31, 2022)

### Distribution of Share Ownership by Type of Shareholder (as of March 31, 2022)



Major Shareholders (as of March 31, 2022)	% Voting rights
The Master Trust Bank of Japan, Ltd. (Trust Account)	15.38
RAILWAY HOLDINGS, L.L.C.	4.55
Custody Bank of Japan, Ltd. (Trust Account)	4.11
TAIYO LIFE INSURANCE COMPANY	2.03
Nippon Life Insurance Company	1.99
Meiji Yasuda Life Insurance Company	1.54
Central Japan Railway Company	1.32
JP MORGAN CHASE BANK 385781	1.29
East Japan Railway Company	1.25
West Japan Railway Company	1.25

## Consolidated Subsidiary Information

### Transportation Group

JR Kyushu Bus Company  
JR Kyushu Jet Ferry Inc.  
Holding Company for Houhi Main Line\*1

JR Kagoshima City Inc.  
JR Miyazaki City Co., Ltd.  
JR Kyushu Building Management Co., Ltd.  
JR Kyushu Housing Company  
JR Kyushu-Rent-A-Car & Parking Co., Ltd.

### Real Estate and Hotels Group

JR Kyushu Ekibiru Holdings Inc.  
JR Hakata City Co., Ltd.  
JR Kokura City Inc.  
JR Nagasaki City Inc.  
JR Oita City, Inc.  
JR Kumamoto City Co., Ltd.

JR Kyushu Senior Life Support, Inc.  
JR Kyushu Resort Development Co., Ltd.  
JR Kyushu Asset Management Co., Ltd.  
JR Kyushu Capital Management (Thailand) Co., Ltd.\*1  
JR Kyushu Hotels Inc.  
JR Kyushu Huis Ten Bosch Hotel Co., Ltd.  
JR Kyushu Station Hotel Kokura Inc.

Oyama Yumekobo, Inc.  
JR Kyushu Business Development (Thailand) Co., Ltd.  
AHJ Ekkamai Company Limited\*2  
AJ Charoen Nakhon Company Limited\*2

### Retail and Restaurant Group

JR Kyushu Retail, Inc.  
JR Kyushu Fast Foods Inc.  
JR Kyushu Food Service Inc.  
Inc Train D'or  
JR Kyushu Farm Co., Ltd.\*1

Manbou Corp.  
Nurubon Inc.  
DRUG ELEVEN CO., LTD.\*2

### Construction Group

KYUTETSU CORPORATION  
JR Kyushu Engineering, Ltd.  
Sanki Construction Co., Ltd.  
JR Kyushu Electric System Company  
JR Kyushu Consultants Company

### Business Services Group

Caterpillar Kyushu Ltd.  
JR Kyushu Trading Co., Ltd.  
JR Kyushu Service Support Co., Ltd.  
JR Kyushu Agency Co., Ltd.  
JR Kyushu System Solutions Inc.  
JR Kyushu Secom Inc.\*2  
JR Kyushu Linen Co., Ltd.  
JR Kyushu Business Partners Company  
JR Kyushu Life Service Co., Ltd.  
JR Kyushu Corporate Investment LLC

\*1 While we own less than 50% of the voting rights, this is still considered a consolidated subsidiary as we control the company to all intents and purposes.

\*2 Company accounted for using the equity method

(as of April 1, 2022)



**For More Information**

Strategy Management Department

Corporate Planning Headquarters (IR)

E-mail: [ir.info@jrkyushu.co.jp](mailto:ir.info@jrkyushu.co.jp)

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

Published August 31, 2022