

(Translation)



May 10, 2022

To whom it concern:

Company Name: Kyushu Railway Company

Name of Representative: Yoji Furumiya, President and CEO

Securities Code: 9142

Tokyo Stock Exchange (Prime Market) and Fukuoka Stock Exchange

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## **Correction of Disclosure Materials Regarding Independent Officers of the Company**

Kyushu Railway Company (the “Company”) hereby announces that the Company has identified some inaccuracies in the Annual Securities Report for the fiscal year 2021 and other disclosure materials regarding independent officers of the Company disclosed by the Company, and the Company corrects them as follows.

The Company deeply apologizes for the inaccuracies in the disclosure materials to stakeholders including the shareholders of the Company under the circumstance that the importance of corporate governance is strongly recognized, and will strive to prevent any recurrence.

### **1. Details of Correction of Disclosure Materials**

The Company has established Independence Evaluation Criteria for Outside Officers (the “Criteria”) as set forth in Appendix 1 (established on March 2016, finally revised on December 2017), and in paragraph 3 of the Criteria, it is provided that “an entity of whom the Company is a major business partner (that is, a recipient of payment from the Company in excess of 2% of said recipient’s average consolidated sales over the period of the previous three fiscal years), or, in the event such an entity is a corporation, an executive person of said corporation” shall not be deemed to be independent from the Company.

The Company has paid to Tamanoyu Co., Ltd. (“Tamanoyu”) for which Ms. Izumi Kuwano (“Ms. Kuwano”), a director of the Company, has served as president since 2003, the amount equivalent to 2.2% of the average consolidated sales during the three fiscal years from the fiscal year 2018 to the fiscal year 2020. Therefore, since April 2021, when the fiscal year 2020 financial results of Tamanoyu were confirmed, Ms. Kuwano was incorrectly stated to be an independent officer in the Annual Securities Report for the fiscal year 2021 and other disclosure materials even though Ms.

Kuwano did not fulfill the requirement of paragraph 3 of the Criteria.

## 2. Circumstances in Which Some Inaccuracies in Disclosure Were Discovered

At the Company, when the Company prepares business reports and convocation notices of general meeting of shareholders regarding the ordinary general meeting of shareholders every year, the department in charge at the Company (the “Department in Charge”) conducts an investigation of the status of fulfillment of the Criteria for candidates of outside directors regarding proposals for election of directors.

In order to determine the independence of the outside directors of the Company in preparing the business reports and the convocation notice of general meeting of shareholders regarding the ordinary general meeting of shareholders to be held in June 2022, the Department in Charge conducted an investigation of the transactions between the Company and Tamanoyu during the previous three fiscal years (from the fiscal year 2019 to the fiscal year 2021), and found that the average amount of payments from the Company to Tamanoyu during such three fiscal years exceeded 2% of the average consolidated sales of Tamanoyu.

Therefore, a different department at the Company investigated whether the Criteria had been fulfilled retroactively for the entire terms of all outside directors of the Company since October 2016, and as a result, it was confirmed that only Ms. Kuwano had not fulfilled the Criteria since April 2021. In addition, Ms. Kuwano’s term of office will expire at the ordinary general meeting of shareholders to be held in June 2022.

## 3. Cause of Some Inaccuracies and Measures to Prevent Recurrence

### (1) Cause

As mentioned in Section 2 above, the Department in Charge annually carries out an investigation on the fulfillment status of the Criteria for determining independence of outside directors of the Company for preparation of business reports and convocation notices of general meeting of shareholders regarding the ordinary general meeting of shareholders for that year. However, after confirming the details of an investigation carried out in May 2021, we found that there was an error in the calculation of the amount paid by the Company to Tamanoyu as a ratio of the consolidated sales of Tamanoyu (all of which are the average of the past three business years). The investigation was carried out solely by the Department in Charge, and no internal checks were in place to detect such an error.

### (2) Measures to Prevent Recurrence

With the cause mentioned in (1) above in mind, we will strive to prevent recurrence by

implementing such a double-check system and ensuring thorough checking not only in the Department in Charge, but also in other departments involved in disclosure of corporate affairs.

#### 4. Schedule Hereafter

The Company has reviewed the past disclosure materials, and will make corrections to the entries regarding this matter in the following legal disclosure materials etc.:

- Annual Securities Report for the fiscal year 2021
- Corporate Governance Reports (disclosed in or after June 2021) (Please see Attachment 2)
- Independent Officer Notification (submitted in May 2021) (Please see Attachment 3)

Regarding the business reports and the convocation notice of the general meeting of shareholders regarding the ordinary general meeting of shareholders held in June 2021, we plan to report the details of these inaccuracies at the 35th ordinary general meeting of shareholders, which is to be held in June this year, instead of making corrections to those documents.

#### 5. Impact of These Some Inaccuracies on Business Performance of the Company

These some inaccuracies will have no impact on the business performance of the Company.

<Independence Evaluation Criteria for Outside Officers of Kyushu Railway Company >

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

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

Partial Correction to Corporate Governance Report  
(Corrected parts are underlined)

1. Corporate Governance Report to be corrected  
Reports submitted on June 24, 2021, November 2, 2021, March 23, 2022 and April 1, 2022
2. Descriptions to be corrected

(1)

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

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

[Before correction]

**Directors**

Number of independent outside directors	<u>8</u>
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[After correction]

**Directors**

Number of independent outside directors	<u>7</u>
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[Before correction]

**Relationship with the Company (2)**

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment

Izumi Kuвано		<u>Yes</u>	<p>(Important information on concurrent post(s)) President, Tamanoyu Co., Ltd.</p> <p><u>Although the Company has a business relationship with Tamanoyu Co., Ltd. including payment of hotel accommodation fees, the monetary value of such transactions are within the scope of the independence criteria set by the Company.</u></p>	<p>Ms. Kuвано was appointed in anticipation that she will perform the functions of supervision and monitoring of the Company's management from the perspective of her experience and knowledge as an expert in tourism and management gained throughout her career history, having long been involved in the management of Tamanoyu Co., Ltd. and having furthermore played an active role in tourism and local town planning. <u>In addition, it has been determined that Ms. Kuвано is sufficiently independent of the Company due to the fact that she fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. Her appointment also reflects the Company's belief that she will supervise its management from an independent perspective.</u></p>
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[After correction]

**Relationship with the Company (2)**

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
Izumi Kuwano		—	<p>(Important information on concurrent post(s)) President, Tamanoyu Co., Ltd.</p> <p>The Company has a business relationship with Tamanoyu Co., Ltd. including payment of hotel accommodation fees.</p>	Ms. Kuwano was appointed in anticipation that she will perform the functions of supervision and monitoring of the Company's management from the perspective of her experience and knowledge as an expert in tourism and management gained throughout her career history, having long been involved in the management of Tamanoyu Co., Ltd. and having furthermore played an active role in tourism and local town planning.

[Before correction]

**Independent Officers**

Number of independent officers	8
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[After correction]

**Independent Officers**

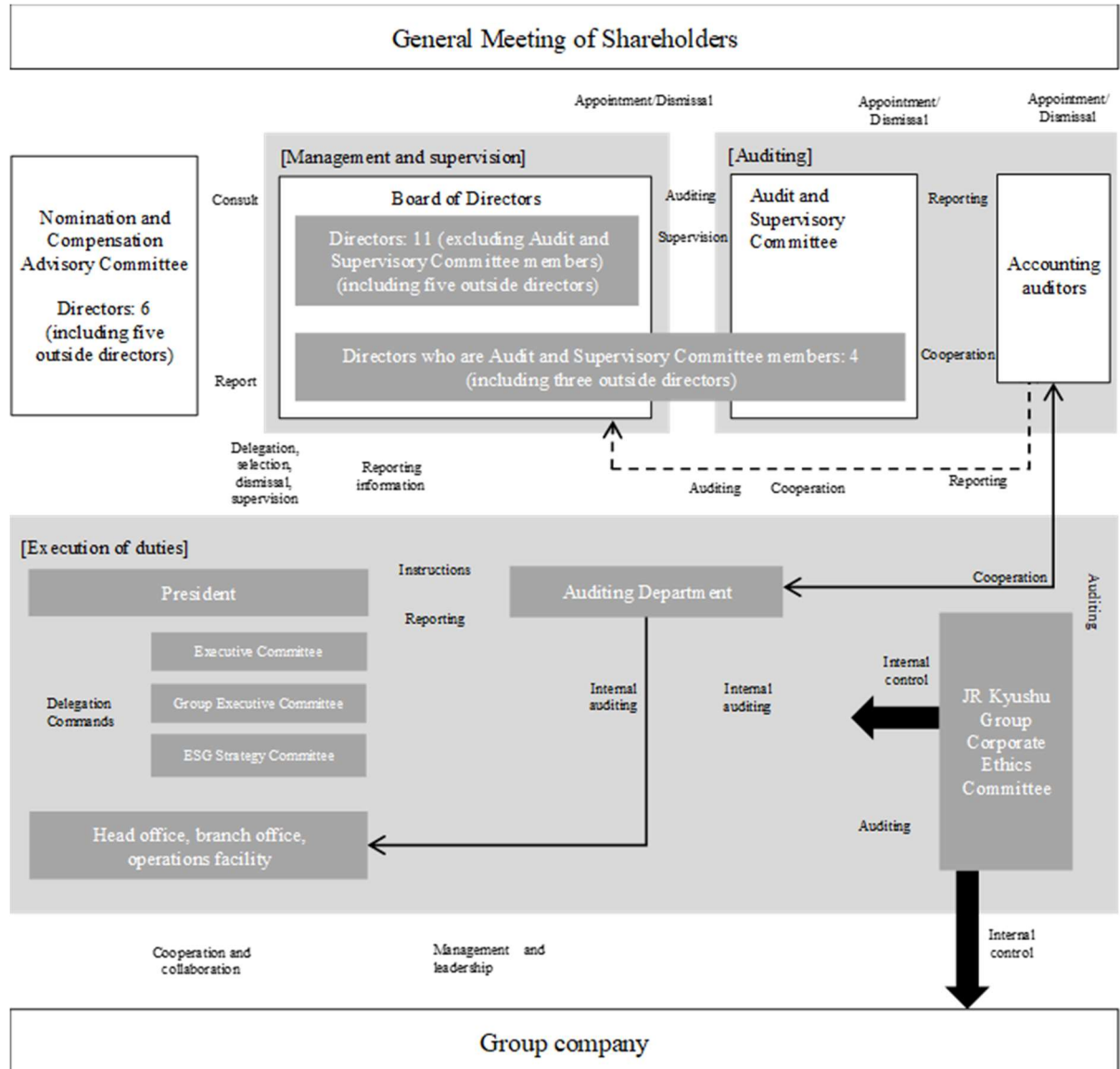
Number of independent officers	7
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(2)

V Other

[Before correction]

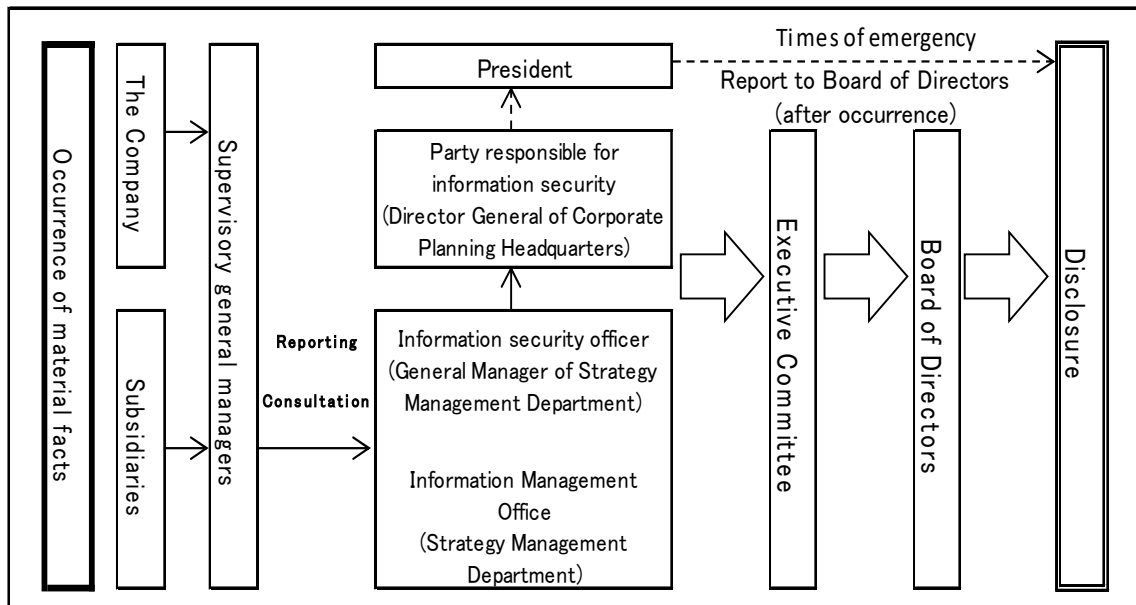
Reference Materials 1: Corporate Governance System





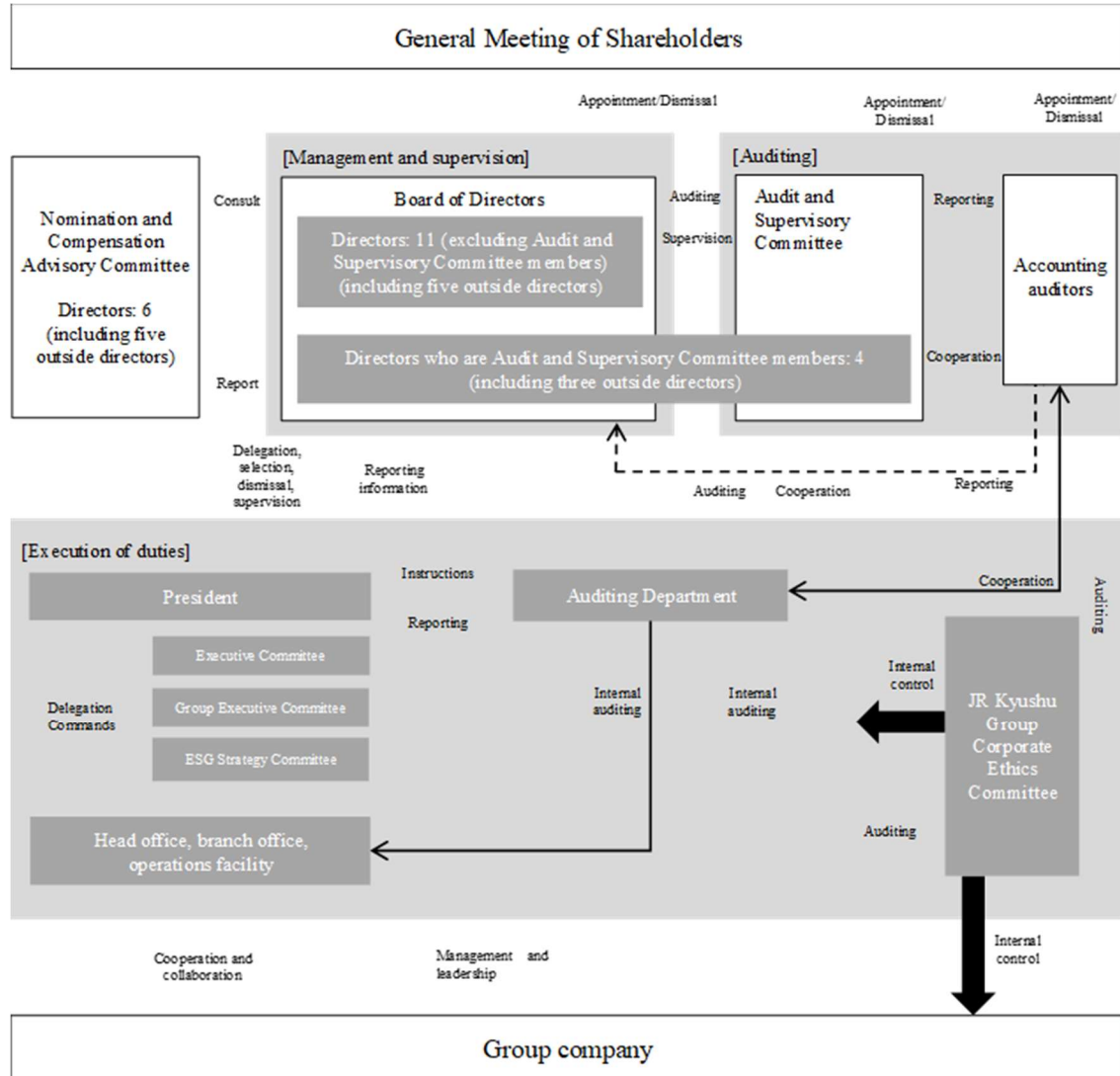
Category of officers			Data of officers		
Directors (excluding Audit and Supervisory Committee members)	1. Toshihiko Aoyagi	Representative Director and Chairman Corporate Officer	Number of directors	Male: 12	
	2. Yoji Furumiya	Representative Director and President Corporate Officer		Female: 3	
	3. Toshihiro Mori	Director and Managing Corporate Officer		Total: 15	
	4. Hiroyuki Fukunaga	Director and Managing Corporate Officer	Ratio of independent outside directors	<u>53.3%</u>	
	5. Koji Karaike	Director and Senior Executive Advisor	Ratio of female directors	20.0%	
	6. Ryuji Tanaka	Director	Number of corporate officers (excluding directors)	17	
	7. Izumi Kuwano	Director			Outside
					Independent
					Female
	8. Toshihide Ichikawa	Director			Outside
	9. Shinji Asatsuma	Director	Independent		
10. Kuniko Muramatsu	Director	Outside			
		Independent			
		Female			
11. Michiaki Uriu	Director	Outside			
		Independent			
Directors who are Audit and Supervisory Committee members	1. Eiichi Kuga	Director and Audit and Supervisory Committee member	Outside		
			Independent		
	2. Masaya Hirokawa	Director and Audit and Supervisory Committee member			
	3. Yasunori Eto	Director and Audit and Supervisory Committee member	Outside		
		Independent			
4. Hiromi Fujita	Director and Audit and Supervisory Committee member	Outside			
		Independent			
		Female			

Reference Materials 2: Overview of Appropriate Disclosure System



[After correction]

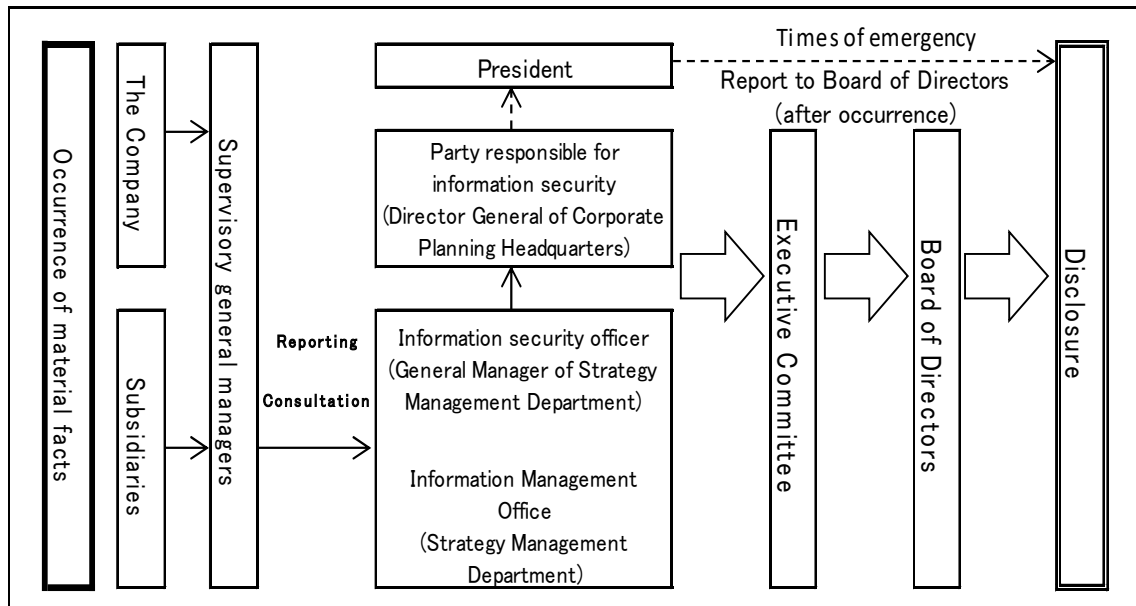
Reference Materials 1: Corporate Governance System



**Appendix 2**

Category of officers	Name	Position	Data of officers			
Directors (excluding Audit and Supervisory Committee members)	1. Toshihiko Aoyagi	Representative Director and Chairman Corporate Officer	Number of directors	Male: 12		
	2. Yoji Furumiya	Representative Director and President Corporate Officer		Female: 3		
	3. Toshihiro Mori	Director and Managing Corporate Officer		Total: 15		
	4. Hiroyuki Fukunaga	Director and Managing Corporate Officer	Ratio of independent outside directors	<u>46.7%</u>		
	5. Koji Karaike	Director and Senior Executive Advisor		20.0%		
	6. Ryuji Tanaka	Director	Number of corporate officers (excluding directors)	17		
	7. Izumi Kuwano	Director				Outside
						Female
	8. Toshihide Ichikawa	Director				Outside
						Independent
	9. Shinji Asatsuma	Director	Outside			
		Independent				
10. Kuniko Muramatsu	Director	Outside				
		Independent				
		Female				
11. Michiaki Uriu	Director	Outside				
		Independent				
Directors who are Audit and Supervisory Committee members	1. Eiichi Kuga	Director and Audit and Supervisory Committee member	Outside			
			Independent			
	2. Masaya Hirokawa	Director and Audit and Supervisory Committee member				
	3. Yasunori Eto	Director and Audit and Supervisory Committee member	Outside			
		Independent				
4. Hiromi Fujita	Director and Audit and Supervisory Committee member	Outside				
		Independent				
		Female				

Reference Materials 2: Overview of Appropriate Disclosure System



## Partial Correction to Independent Officer Notification

(Corrected parts are underlined&gt;

1. Independent Officer Notification

(1) Past fiscal years

A Report submitted on May 18, 2021

[Before correction]

## 2. Matters regarding independence of independent officers and outside officers

No.	Name	Outside Director/Outside Audit and Supervisory Committee Member	Independent officer	Attributes of officer (*2, 3)												Change details	Consent of individual	
				a	b	c	d	e	f	g	h	i	j	k	l			N/A
1	Izumi Kuwano	Outside director	○												○			Yes

## 3. Explanation of attributes and reason for appointment of independent officer

No.	Explanation of relevant circumstances (*4)	Reason for appointment (*5)
1	<u>[Important information on concurrent post(s)] President, Tamanoyu Co., Ltd. Although the Company has a business relationship with Tamanoyu Co., Ltd. including payment of hotel accommodation fees, the monetary value of such transactions are within the scope of the independence criteria set by the Company. (see 4. Supplemental Information).</u>	Ms. Kuwano was appointed in anticipation that she will perform the functions of supervision and monitoring of the Company's management from the perspective of her experience and knowledge as an expert in tourism and management gained throughout her career history, having long been involved in the management of Tamanoyu Co., Ltd. and having furthermore played an active role in tourism and local town planning. <u>In addition, it has been determined that Ms. Kuwano is sufficiently independent of the Company due to the fact that she fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. Her appointment also reflects the Company's belief that she will supervise its management from an independent perspective.</u>

[After correction]

## 2. Matters regarding independence of independent officers and outside officers

No.	Name	Outside Director/Outside Audit and Supervisory Committee Member	Independent officer	Attributes of officer (*2, 3)												Change details	Consent of individual		
				a	b	c	d	e	f	g	h	i	j	k	l			N/A	
1	Izumi Kuwano	Outside director	-												-			<u>Correction, change</u>	-

## 3. Explanation of attributes and reason for appointment of independent officer

No.	Explanation of relevant circumstances (*4)	Reason for appointment (*5)
1	<u>Not applicable.</u>	Ms. Kuwano was appointed in anticipation that she will perform the functions of supervision and monitoring of the Company's management from the perspective of her experience and knowledge as an expert in tourism and management gained throughout her career history, having long been involved in the management of Tamanoyu Co., Ltd. and having furthermore played an active role in tourism and local town planning.