

JR KYUSHU IR DAY 2021
Part 1: The JR Kyushu Group's ESG Initiatives

Development of Human Resources
— Source of Value Creation

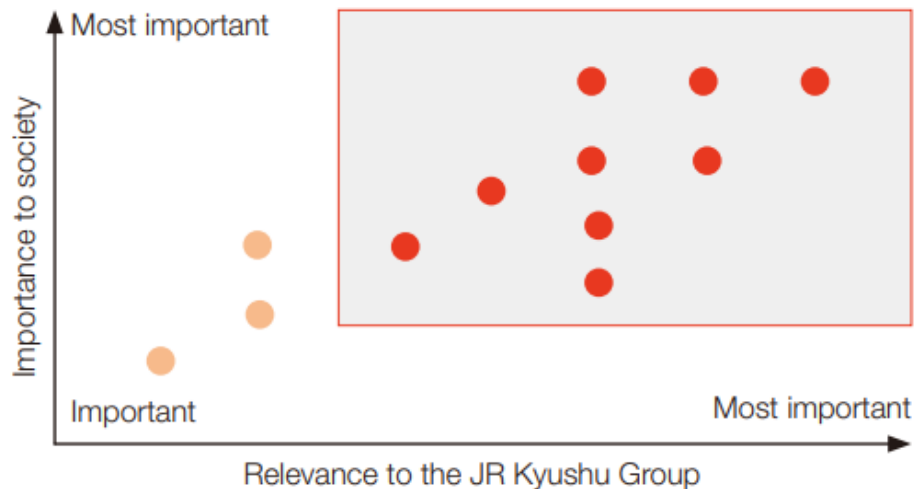
December 10, 2021
KYUSHU RAILWAY COMPANY
Corporate Officer and General Manager of
Human Resources Department
Motomichi Miura

Development of Human Resources as a Source of Value Creation

The development of human resources is a source of value creation for the JR Kyushu Group.

It has been positioned as one of our material issues (points that the JR Kyushu Group focuses on at all times).

Points that the JR Kyushu Group focuses on at all times
(Materiality Map)



Building a Sustainable Society

- Addressing environmental issues (climate change and resource conservation)
- Contribution to local communities

Source of Value Creation

- Safety
- Service
- **Development of human resources (Effective use of employees and making work fulfilling)**

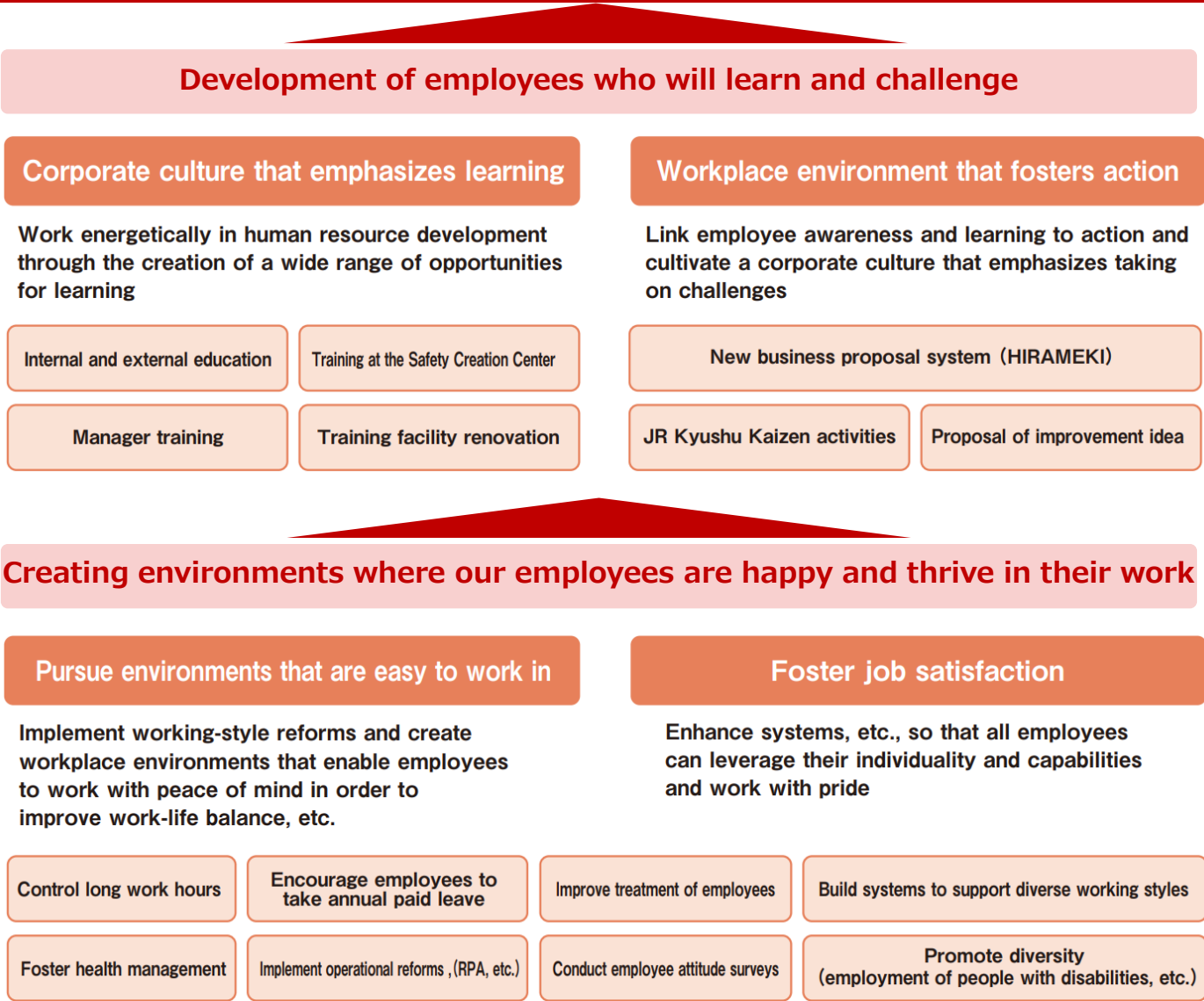
Sound Corporate Management

- Ensuring transparent and fair management
- Strengthening risk management, rigorous compliance
- Extensive communication with stakeholders

Development of Human Resources in the Current Medium-Term Business Plan

We are building the foundation for the Group’s sustainable development by working to create environments where our employees are happy and thrive in their work (environments that are easy and satisfying to work in) and advancing the development of human resources who are eager to learn and take on challenges.

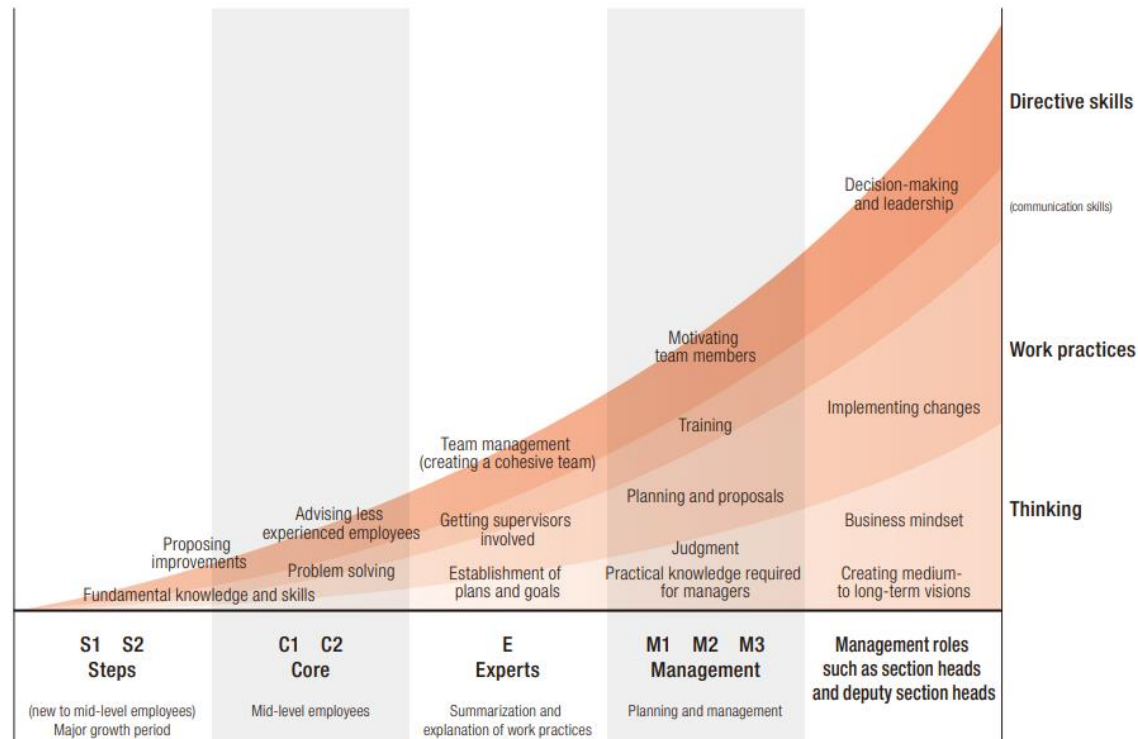
A corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation



Development of employees who will learn and take on challenges

- Through a variety of training systems aimed at enhancing knowledge and skills, we provide support for the career progress of our employees and develop human resources who will contribute to sustainable growth in corporate value. (The average training time is 17.0 hours per person per year.)
- Even during the COVID-19 crisis, we are continuing to implement aggressive investment in human resources in the same manner as we did in the past, and we are taking steps to make further improvements.

Principal skills expected for each position



Diverse training to support career progress

Training for each position

- Training for new and mid-level employees
- Training for new managers and site managers
- Training for corporate officers etc.

Recruitment-based training

- Leader training (development program for specialist personnel)
- Future Creation Program HIRAMEKI (new business proposal system)
- Graduate management school single-subject lectures

Dispatch system

- Acquisition of overseas/domestic MBA
- Sending specialist personnel to college

Support for acquisition of certifications

- Assistance for expenses of certification acquisition and advance study

Development of employees who will learn and take on challenges

- Safety and service are the foundation of all of the Group's businesses. We thoroughly provide opportunities for education in these areas, such as group training and e-learning, and we are working to develop employees who create safety and service with their own capabilities.
- In particular, training related to safety is provided to all employees, including officers (implemented 570 times to date.)

Safety initiatives



- Training sessions held at the Safety Creation Center
- For all employees (including officers)
- Philosophy
 - 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.
- Established in 2011. A cumulative total of 52,369 people had attended training as of FY2020/3. Sixth round of training currently under way.

Service initiatives



Name of training	Number of participants	Overview
Customer reception seminar	Approx. 40 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. 140 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 learn the techniques and hospitality necessary to make train travel stress-free for elderly passengers and passengers with disabilities.

Development of employees who will learn and challenge

Developing human resources who can learn and take action on their own initiative

To adapt to the changes of the times, the Group's human resources will strive to be aware of "Growth and Evolution," to take on new challenges, and to realize a new form for themselves and for the Company.

Learning while working

Through a recruitment system, we provide opportunities to acquire knowledge and skills while working.

- Graduate management school single-subject lecture system
- Details
Learning through graduate management school single-subject lectures (marketing, fundamental management strategies, critical thinking, etc.))
- System for sending employees to graduate school in Japan
- Details
Aiming to develop management knowledge and skills in business school and acquire an MBA.

Corporate culture of thinking and acting on your own initiative.

Creating a corporate culture in which employees have an awareness of problems on their own, think of improvement measures on their own, and take on challenges.

- JRK Activities
- Details
Small-group activities that have been continued since the founding of JR Kyushu, with a motto of "cheerful, fun, and energetic." The themes of these activities extend over a wide range, including not only improving operations and reducing costs but also implementing local community invigoration initiatives and promoting health. Workplace members identify issues and cooperate together to work toward solutions while holding discussions. In this way, these activities help to develop a spirit of taking on challenges and teamwork.



Development of employees who will learn and challenge

Future Creation Program HIRAMEKI

- Initiative that is representative of an “approach that emphasizes taking action” (from FY2019.3)
 - 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.
 - When an idea is proposed and adopted, the employee who made the proposal is assigned to the new business project.

<Examples of projects from the HIRAMEKI program>

Establishment of business succession fund



December 2019: Manbou Corp became a member of the Group.

- Became an officer at Manbou Corporation, participated in management.
- Protected Kyushu brand asset, contributed to the development of local food culture and the promotion of tourism.

HIRAMEKI presentation



Restoration of old Japanese-style house



January 2022: Plan to open Akane-sasu Hizenhamashuku

- Accommodation facility created by renovating a traditional merchant's house owned by a sake brewer.
- In cooperation with people in the local community, offering the chance to experience local history and culture.

Pursuing Environments That are Easy to Work In, Fostering Job Satisfaction

Health Management

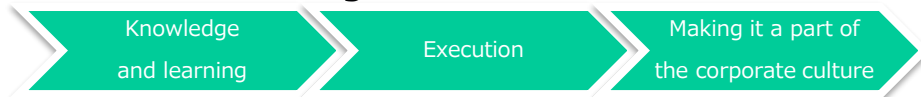
- The entire Group is working to advance health management so that all employees can work in an active and dynamic manner, thereby helping to invigorate local communities.



JR Kyushu Group Health Declaration

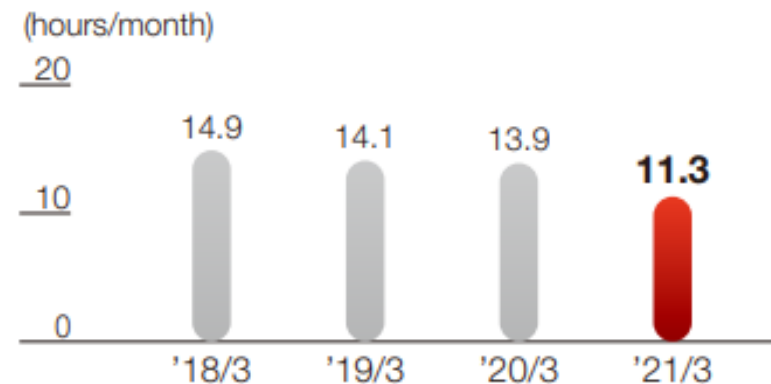
We believe the most important thing is that employees play an active role with vitality in delighting our group and community. The JR Kyushu Group will proactively work to improve the mental and physical health of employees so that each of them can maximize their potential. We will strive to realize what we aim to be: “a corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation.”

Progress in implementation of principal matters for advancement under basic policy for health management in FY2022/3



Item		Target for the end of '22/3	Results for '21/3	Results for '20/3
Knowledge and learning	Employees who have attended an annual health checkup	100%	100.0%	100.0%
	Employees who have received a stress check	100%	99.9%	99.9%
Execution	Employees who smoke	25% or less	28.6%	29.6%
	Percentage of annual paid leave used	85% or more	77.0%	78.9%

Average overtime



- 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

Pursuing Environments That are Easy to Work In, Fostering Job Satisfaction

Safety/security for employees and others who live with them during the COVID-19 crisis

- **Providing information to employees, such as comments from Company leaders, etc.**
- **Enhancing health management system**
 - Ensuring that all employees know about the rigorous use of masks and the disinfection of hands
 - Rigorously checking employees' temperatures, and controlling attendance at the office when there are unusual symptoms
- **Short-term employment adjustments made on the assumption that jobs will be retained**
 - Implementing temporary leaves, etc., for employees who are not essential for securing safe, stable transportation; for dealing with customers; or for continued business operations.
- **Utilizing staggered work hours and telecommuting**
 - Promoting staggered work hours with starting and ending times set in a manner that avoids time periods of traffic congestion.
 - During the state of emergency, implementing initiatives such as eliminating upper limits on the number of days of telecommuting.
- **Establishing the environment for and recommending on-line meetings**

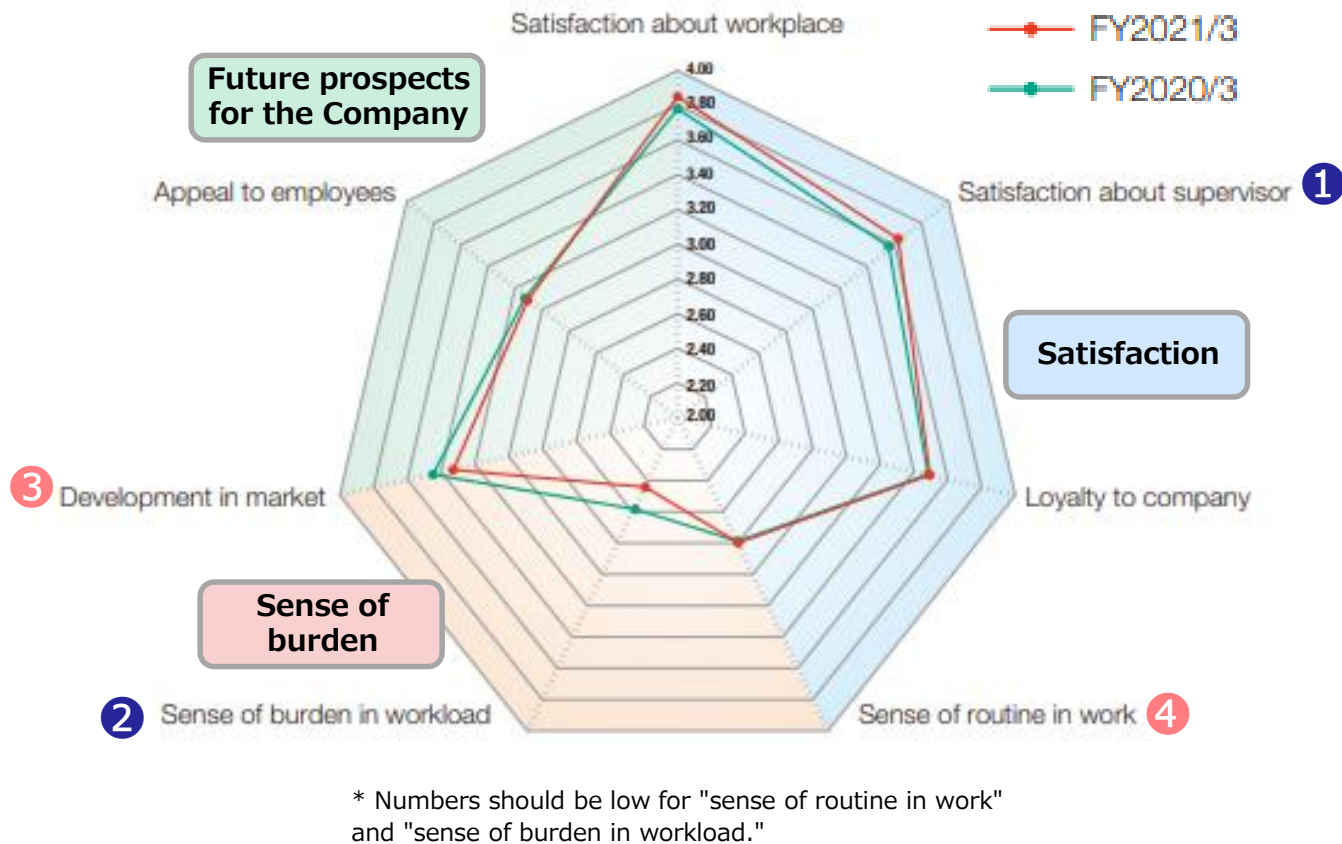


Provided by Kotsu Shimbunsha



Pursuing Environments That are Easy to Work In, Fostering Job Satisfaction

Employee attitude survey (implemented from February to March, 2021)



- Due to the advancement of the use of IT systems, the control of long working hours, etc., there was improvement in ① satisfaction about supervisor and ② sense of burden in workload.
- Under the lengthening influence of COVID-19, etc., there was an increase in the number of employees who felt uncertainty about the future prospects for the Company, centered on ③ development in market.
- Results for ④ sense of routine in work remain poor, and we recognize this as an issue.

Initiatives after the employee attitude survey

- With consideration for the survey results, we are analyzing Companywide characteristics and issues for worksites.
- Implementing Group work and meetings to exchange opinions in each department and office.

We will link the survey results to future operational improvement and attitude improvement. To resolve issues, we are considering the reflection of these results in specific measures.



Pursuing Environments That are Easy to Work In, Fostering Job Satisfaction

BPR* objectives

* BPR: Business Process Re-engineering

Aiming to generate stable profits even though revenues from railway transportation do not return to the level before COVID-19, we will re-establish operational processes and frameworks.

The key to the success of BPR is enhancing a management participation mindset among employees.

Initiatives to enhance a management mindset among employees

BPR report distribution / intranet utilization

- Director and Managing Corporate Officers distribute a weekly report about the status of BPR progress to approximately 2,100 people.
- With a broad perspective that transcends systems, we are sharing examples of BPR and visualizing BPR objectives and progress. In this way, we are encouraging employees to take ownership.
- We also provide explanations about key points regarding account settlement and business strategies. In this way, we are enhancing management participation among employees.
- Details of study meetings, initiatives at each work site, etc., are shared on the Company intranet.

Holding BPR study meetings



- **Comments from study meeting participants (examples)**
 - I had previously worked to understand the Company's circumstances, but this improved my understanding, and as a result I was able to think about what it is that we need to do.
 - I was able to hear directly from people in charge of BPR and to deepen my understanding. I would like to actively incorporate initiatives from other units and work to improve earnings.

Working to Achieve Sustainable Growth -Promotion of Diversity

Promoting women's participation and advancement in the workplace

■ Action plan for the promotion of women's participation and advancement in our company

Target period	Plan	FY2021/3 results
2016/4/1-2019/4/1	Raise our ratio of female managers to 6%	6.30%
2019/4/1-2022/3/31	Lower the ratio of female employees leaving their jobs to less than 5%	4.40%

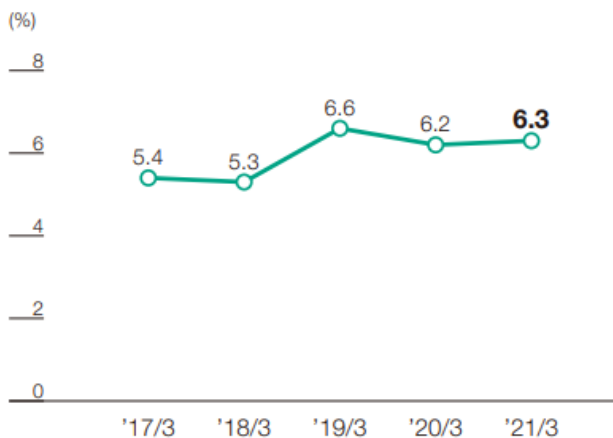


■ Advancing the creation of environments where it is easier for employees to balance work and childcare

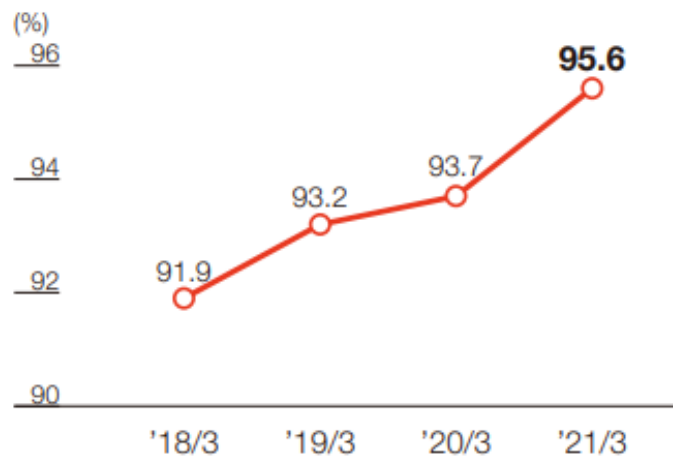
- Established flex time system, telecommuting
- Established childcare leave (5 days per month), paternity leave etc.

■ Going forward, aiming to achieve a ratio of female managers that is the same as the ratio of female employees

Ratio of Female Managers



Retention of Female Employees



Actively promoting female employees to such positions as site managers and officers at Group companies

Working to Achieve Sustainable Growth -Promotion of Diversity

Development of human resources through strategic seconding initiatives

- By participating in seconding initiatives inside and outside the Group, employees are enhancing their knowledge and skills. This is one of the Group's important strategies for human resource development.
- Diverse experience not only leads to the advancement of human resources diversity, it is also directly linked to sustainable growth for the Group.
- **Employees who have increased their skills through strategic seconding will play central roles in future business strategy advancement.**

【Examples of strategic seconding】

- DX promotion, data scientist
- CFO at a company at which a fund has made a hands-on investment
- Manager at company that joined the Group through an M&A initiative etc.



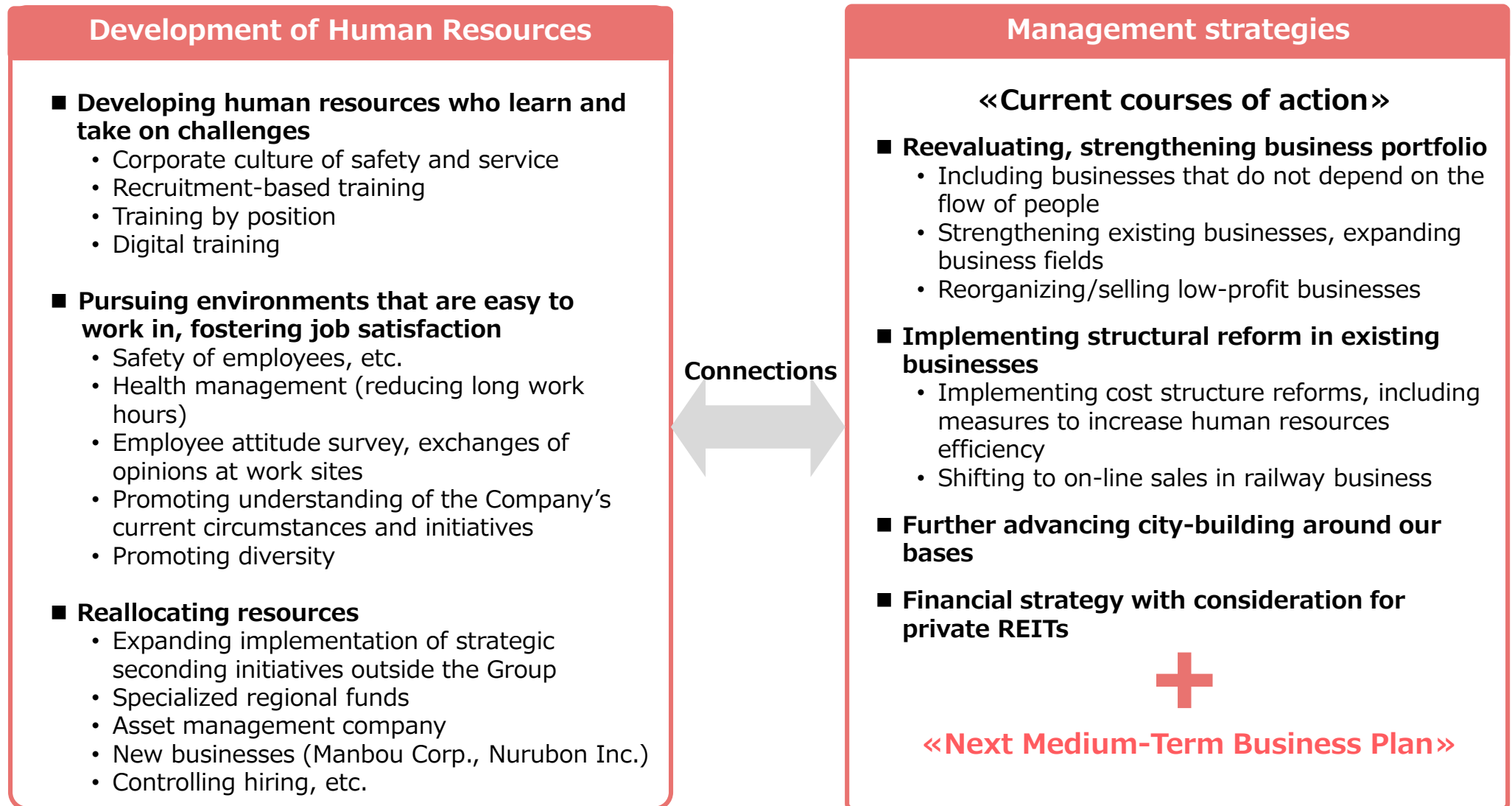
Acquisition of drone-related skills through seconding



Seconding as manager to Nurubon Inc., which joined the Group through an M&A initiative

Currently, 114 employees are participating in strategic seconding, and going forward we will continue and expand these initiatives.

Connections between development of human resources and management strategies



Going forward, we will consider initiatives for the development of human resources. This will include not only our current courses of action, but also connections with management strategies, such as the next medium-term business plan, which is currently under consideration.

Future issues and courses of action

Future issues in regard to the development of human resources

■ Developing and securing professional human resources

- Developing and securing human resources who are a good match for our management strategies

■ Stepping up initiatives to pursue environments that are easy to work in, foster job satisfaction

- Flexible human resources utilization and transfer
- Advancing health management on a groupwide basis

■ Further promoting diversity

- In regard to the promotion of women's participation and advancement in the workplace, solid achievement of objectives and formulation of next action plan
- Continuing/expanding strategic seconding to enhance human resources diversity

- Human resources development is one of the points that the JR Kyushu Group focuses on at all times.
- With consideration for the above issues, aiming for sustainable growth in the JR Kyushu Group's corporate value, we will operate a PDCA cycle for further development of human resources.