

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

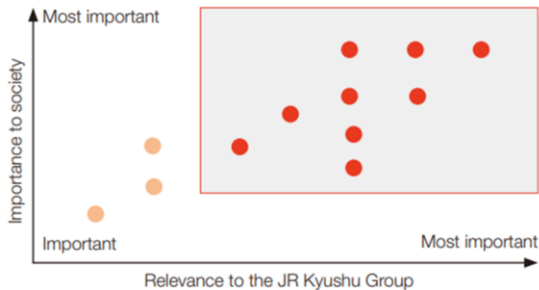
- I am Motomichi Miura from the Human Resources Department.
- I will discuss the JR Kyushu Group's initiatives in the development of human resources.
- Please turn to the next slide.

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

- Along with safety and security, human resources development is also a source of value creation for the JR Kyushu Group. It is positioned as one of the Group's material issues.
- Please turn to the next slide.

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



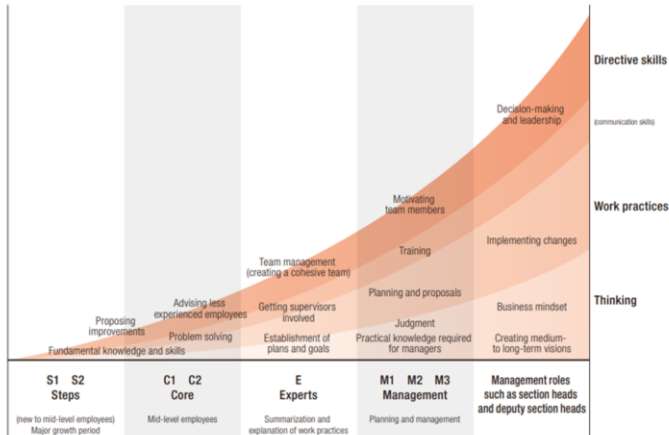
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- For the JR Kyushu Group to realize sustainable growth and what we aim to be, we must work with integrity for safety and service; boldly take on the challenge of new things by leveraging our own experience and learning, without being satisfied with the status quo; and develop employees who can advance reforms with a focus on the future.
- The foundation of the development of these types of employees is the creation of environments where employees are happy and thrive in their work by pursuing environments that are easy to work in and fostering job satisfaction. This is the core of initiatives such as measures to enhance work-life balance and promote diversity.
- On this foundation, we will provide opportunities for a range of training and enhance the framework that provides opportunities for employees to think and act on their own initiative. In this way, we will foster an approach that emphasizes taking action, and we will develop human resources who are eager to learn and take on challenges.
- First, I will discuss initiatives in the development of human resources who are eager to learn and take on challenges. Please turn to the next slide.

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

- We have established a number of training programs and systems to support the growth of individual employees.
- We offer training by position to enhance the talents, knowledge, and skills necessary for each position, from new employees to management-level employees. To increase the operational level in each organization, we offer training by function. Other training initiatives include recruitment-based training for employees who want to participate, and a system for dispatching employees to graduate school to acquire MBAs. The average amount of employee training is 17.0 hours per person per year.
- Even in the challenging management environment of COVID-19, we believe that it is essential that we invest human resources in order to realize sustainable growth for the Group and increases in corporate value. Accordingly, we will continue to implement investment, and we will take steps to further enhance it.
- Please turn to the next slide.

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 work sites, 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.

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- In developing human resources who are eager to learn and take on challenges, one of our focus initiatives is the development of employees who create safety and service with their own capabilities. Safety and service, which are the foundation of all of the Group's businesses, are a source of value creation and are especially important in human resources development.
- We implement a variety of educational initiatives related to safety. One of the most distinctive is the Safety Creation Center. The Safety Creation Center is a training facility that was opened in 2011. The center's purpose is to see that we keep past accidents and other incidents fresh in our memory, impart a strong understanding of basic operations and safety measures in order to create safety, and give our employees the training they need to ensure the safety of our customers and employees. The Safety Creation Center is intended for the use of all employees, including officers. Since its opening in 2011, we have changed and enhanced the content of the training, and the sixth round of training is currently under way.
- We also have various training programs related to service, including the following. To enhance a customer service mindset among all employees, we are implementing e-learning. In addition, for all station employees and train crew members, we are providing role-playing training as well as customer support training to facilitate appropriate support for customers with physical disabilities and elderly customers. In these ways we are working to increase customer satisfaction.
- Please turn to the next slide.

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.



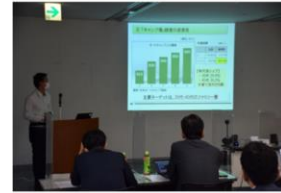
- In addition to providing these various types of training, we are also working to enhance systems for the development of human resources who can, on their own initiative, learn, take action, and take on challenges. This will be a source of sustainable growth for the Group.
- To support autonomous learning by employees, we offer recruitment-based training to enable the acquisition of knowledge and skills while working. For example, we offer graduate management school single-subject lectures, and we have a system for sending employees to graduate school in Japan. Each year many employees volunteer, and students are dispatched each year following an internal screening test.
- In addition, to develop human resources who can learn and take action on their own initiative, every year since our founding we have implemented JRK Activities, which are small-group activities. In JRK Activities, employees form their own teams to address issues such as the improvement of business operations. They devise and implement improvement measures, and through presentations the teams share with all employees the exceptional initiatives and their results. With the participation of the teams that win regional competitions, etc., the details of the initiatives are announced at the JRK Activities Companywide Presentation, one of the major Group events that are held each year.
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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.

HIRAMEKI presentation



<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.

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.

- In FY2019.3, the Group started Future Creation Program HIRAMEKI, a new business proposal system. Any employee who has an idea for a new business and wants to implement it themselves can submit the idea, regardless of their age or experience.
- In the previous fiscal year, despite COVID-19, 75 ideas were submitted. Of these, 21 were selected, and going forward the employees who made the proposals will enhance the proposal materials while receiving advice from a consulting company. From this group of proposals, several will be chosen, and finally the employees will make presentations to the president and other executives.
- As a result, projects under consideration will be launched, and the employees who made the proposal will be assigned to the project. Among the employees who submitted ideas last year, two have been placed in charge of the projects that they proposed. Up to this point, the results have included making Manbou Corp, which sells squid steamed dumplings, etc., a Group company, and implementing a project to restore an old Japanese-style house.
- Employees, who might not have had any experience in the formulation of business plans, finalize their plans, including marketing and profit planning. In addition, this program communicates a message that employees can take an active role in their own career formation. We believe that these points make HIRAMEKI a highly significant program.
- Next, I will discuss the creation of environments in which employees can work in a happy, dynamic, and active manner. Please turn to the next slide.

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

Health Management

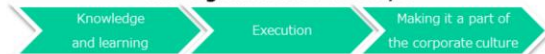
- The entire Group is working to advance health management so that all employees can work in an active and dynamic manner, thereby helping to invigorate local communities.



JR Kyushu Group Health Declaration

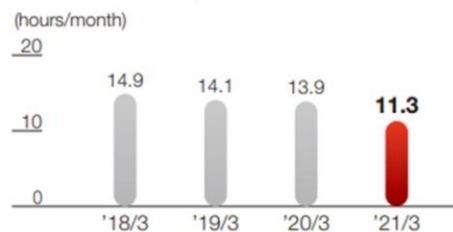
We believe the most important thing is that employees play an active role with vitality in delighting our group and community. The JR Kyushu Group will proactively work to improve the mental and physical health of employees so that each of them can maximize their potential. We will strive to realize 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

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- We believe that, for the invigoration of the Company and local communities, the most important thing is for all employees to work in an active and dynamic manner. We have positioned health management as one of our most important management initiatives.
- In April 2021, to more clearly demonstrate our determination to promote health management, we formulated and announced the JR Kyushu Group Health Declaration and decided on our Basic Policy for Health Management.
- Specific initiatives include providing health management and smoking cessation support through such means as workplace visits and health consultations by industrial physicians and public health nurses, and holding Arukatsu, a walking event for employees to improve their health while having fun. In these ways, we are working to promote employee health.
- In addition, we also recognize that controlling long work hours is an important issue. We are striving to accurately track and thoroughly manage daily working hours in order to prevent the occurrence of long work hours.
- In the promotion of health management, the president has been designated as the supervisor of health-related management, and we have established health-related KPIs for the period of the Medium-Term Business Plan. In addition, reports are made to the Board of Directors regarding the progress of initiatives, etc.
- Please turn to the next slide.

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**



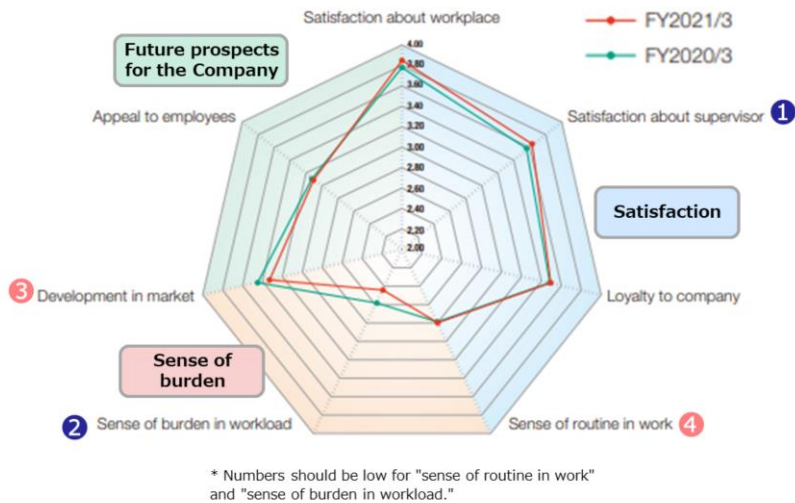
Provided by Katsuhiko Shimamura



- Due to the spread of COVID-19, social and economic conditions remain uncertain, and we believe that in this environment the most important thing is to address the concerns of employees. We moved quickly to provide a message from the president stating that the Company would work to secure employment, including at Group companies.
- In addition, the message from the president communicated to all employees the Company's basic direction of returning to the starting point and working to invigorate local communities while focusing on safety and security, especially now when society, the economy, and the Company are in challenging circumstances due to COVID-19.
- Furthermore, to secure the safety and security of employees, we enhanced the health management system, utilized staggered work hours and teleworking, etc. We also took such steps as introducing systems to address new working styles.
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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.



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- Rather than relying solely on in-house criteria and standards, we periodically implement an employee attitude survey in order to objectively track and visualize employee attitudes, etc., and to announce the results in an easy-to-understand manner.
- Through the survey, we analyze employees' attitudes to their jobs, workplaces, etc., well as the factors influencing these attitudes, and we then utilize this analysis in future measures to invigorate our organization and thereby heighten employee satisfaction, which is the objective of the survey. The survey is implemented from three major perspectives — future prospects for the Company, satisfaction, and sense of burden in workload.
- Due to such factors as the influence of the sluggish results on account of the lengthening of COVID-19, issues identified in this survey included an increase in employees who were concerned about the future prospects for the Company and a large number of employees who felt a sense of routine in work, reflecting the special characteristics of work in the railway business, where daily operations must be handled systematically.
- With consideration for these circumstances, through the implementation of Group work and meetings to exchange opinions in each department and office, we will listen to more-detailed views from employees and consider the reflection of the survey results in measures to resolve issues.
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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.

- Currently, in railway operations, which have suffered a major adverse effect from COVID-19, we are advancing BPR for cost structure reforms through the re-establishment of operational processes and frameworks. We believe that the key to the success of BPR is the enhancement of management participation among employees.
- Each week, a report about the BPR progress and the Company's current circumstances is provided to employees by a manager in the railway business or the CFO, and the initiatives of each worksite are shared on the in-house intranet. Through these types of initiatives, we are working to improve the attitudes of employees and deepen BPR initiatives.
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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

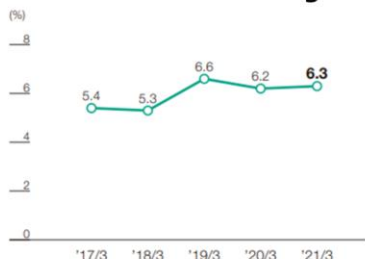
Target period	Plan	FY2021/3 results
2016/4/1-2019/4/1	Raise our ratio of female managers to 6%	6.30%
2019/4/1-2022/3/31	Lower the ratio of female employees leaving their jobs to less than 5%	4.40%



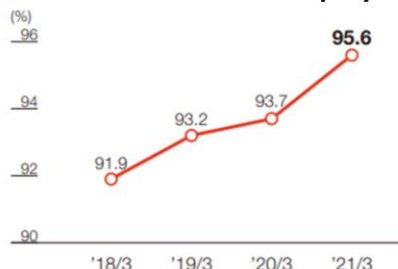
- Advancing the creation of environments where it is easier for employees to balance work and childcare
 - Established flex time system, telecommuting
 - Established childcare leave (5 days per month), paternity leave etc.

- 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

- Strengthening human resources through the promotion of diversity is essential for the sustainable growth of the Group.
- Promoting women's participation and advancement in the workplace is one initiative for the promotion of diversity. JR Kyushu has formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and we have achieved the objective of 6% for the ratio of female managers. We have announced a goal 95% or more for the retention rate for female employees, and currently we are taking steps to create workplace environments in which women can continue their careers and thrive, such as introducing a flex time system and childcare leave.
- In addition, we are actively promoting female employees to such positions as site managers and officers at Group companies so that they gain management experience. As a result, we currently have two female corporate officers. Going forward, aiming to achieve a ratio of female managers that is the same as the ratio of female employees, we are working to make further progress in promoting women's participation and advancement in the workplace.
- Please turn to the next slide.

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



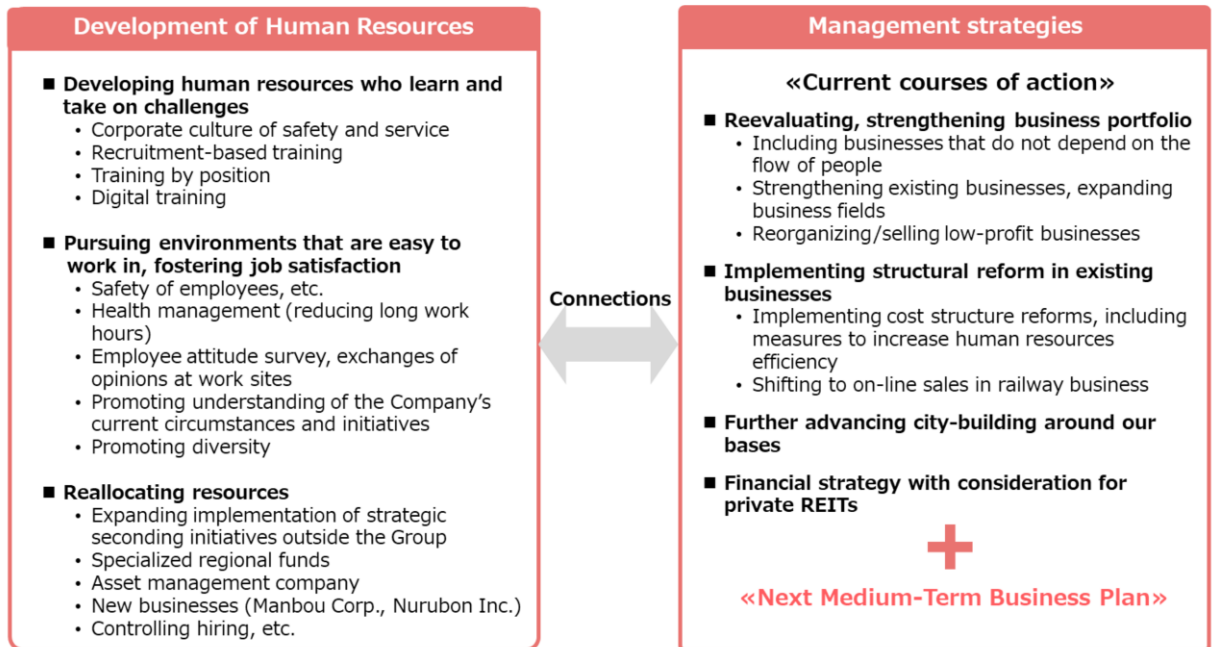
Seconding as manager to Nurubon Inc., which joined the Group through an M&A initiative

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

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- The Group has positioned strategic seconding as an important initiative in the development of human resources. 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. These initiatives extend over a wide range of business activities. Examples of these seconding initiatives include DX promotion manager and data scientist, CFO at a company at which a fund has made a hands-on investment, and manager at Nurubon Inc., a Group company after an M&A transaction. Currently, 114 employees are participating in strategic seconding. Reports on the activities of seconded employees at the companies to which they have been seconded are 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.
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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.

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- Development of human resources is one of our management strategies. Our current management strategies include advancing into businesses that do not depend on the flow of people; reorganizing/selling inefficient businesses; and implementing structural reforms in existing businesses. We believe that it is important for the development of human resources to be connected to these current management strategies as we work to develop and strengthen our human resources and as we consider the allocation of human capital.
- To make progress toward “what we aim to be,” which is “a corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation,” we will advance the “development of human resources who eager to learn and take on challenges” and the “creation of workplaces where our employees are happy and thrive in their work.” In the formulation of the next Medium-Term Business Plan, we will consider human resources development as one important element of the plan, together with management strategies.
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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.

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- Human resources development, which is one of the points that the JR Kyushu Group focuses on at all times, is a continual, unending process. Issues that we believe we must continue to focus on in the future include developing human resources who are a good match for our management strategies; taking steps to pursue environments that are easy to work in and to foster job satisfaction, such as promoting health management on a groupwide basis; and further advancing diversity, such as women's participation and advancement in the workplace.
- With consideration for our understanding of these issues, we will aim to realize sustainable growth in the Group's corporate value by operating a PDCA cycle, implementing detailed human resources initiatives, and working with human resources development as one of our management strategies.
- This concludes my presentation. Thank you for your attention.