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Kyushu Railway Company
Yoji Furumiya, President & CEO
Inquiries: Administration Division, Administration Department
+81-92-474-2501
Securities Code: 9142
https://www.jrkyushu.co.jp/english/

The following is information on the status of corporate governance at Kyushu Railway Company (hereinafter, "the Company").

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

1. Basic Approach

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

Reasons for Not Implementing Each Principle of Japan's Corporate Governance Code

Principle 1-4: Cross-Shareholdings

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

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

Furthermore, in FY2021, 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 determined to engage in initiatives to reduce those for which the rationale for continued holding is no longer sufficient.

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

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

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

Principle 1-7: Transactions between Related Parties
In the event a transaction occurs, or the potential of a transaction may occur, between the Company and its officers or key shareholders (shareholders who own more than 10% of total voting rights), the transaction is closely monitored through procedures that involve the prior approval of the Board of Directors to ensure that the common interests and rights of the Company and its shareholders are not jeopardized. Furthermore, the Company conducts surveys of the directors every year in regard to the occurrence of transactions with related parties in an effort to manage and monitor such transactions.

Supplementary Principle 2-4 (1)
With regard to ensuring the diversity of employees, the Company will endeavor to create an environment in which employees can feel "happy" and work in a "dynamic and active" manner, promote human resources development conducive to the foundation for the sustainable growth of the JR Kyushu Group and promote diversity through the pursuit of ease of work for employees and creation of worthwhileness of work.

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

As of April 1, 2021, the percentage of female managers is 6.3%, while the percentage of female employees is 16.4%.

With regard to mid-career recruitment, the Company mainly conducts recruitment for management departments throughout the Company as well as the business development department, and 12 employees are currently in managerial positions. Furthermore, concerning recruitment of foreign employees, the Company conducts recruitment of new hires and mid-career recruitment, appoints employees to employees in management, and three employees are currently in managerial positions.

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

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

Principle 2-6: Roles of Corporate Pension Funds as Asset Owners
Not applicable because the Company has not adopted a corporate pension fund plan.

Principle 3-1: Enhancement of Information Disclosure
(i) The Company's management philosophy and other important items have been determined in the JR Kyushu Group Medium-Term Business Plan 2022-2024. The

plan has been disclosed on the Company's corporate website.

(ii) The Company's basic approach to corporate governance is as stated in Part I.1. of this report, entitled "Basic Approach."

(iii) This is how remuneration for Directors is determined. Basic remuneration, at the fixed amount, is determined at a level commensurate with their role and responsibilities, and remuneration linked to business performance (stock compensation) has a structure that takes into account Directors' motivation for improving business performance and corporate value. When determining compensation levels, reports are made by the Nomination and Compensation Advisory Committee, which comprises the president as well as outside directors, to the Board of Directors, and the president delegated by the Board of Directors then decides on compensation amounts based on these reports. These amounts are held within a limit set in advance at the General Meeting of Shareholders. Also, the details are as listed under "Director Compensation" in the "Policy for Determining Compensation Level and Calculation Methods" section of Part II.1. "Items Related to Institutional Organization, Organizational Management, Etc." of this report.

(iv) When nominating directors, considering factors such as reports made by the Nomination and Compensation Advisory Committee, the Board of Directors decides on candidates based on a selection standard determined by the Board of Directors, such that values a high level of ethics, personality, character and management ability. The Board of Directors makes a proposal to a General Meeting of Shareholders regarding the dismissal of a director, after considering factors such as reports made by the Nomination and Compensation Advisory Committee, and deliberating on the matter, if such director ceases to satisfy the aforementioned selection standard, or if corporate value has become significantly impaired as a result of such director having exercised negligence with respect to his or her professional duties, or if circumstances are such that would constitute grounds for disqualification otherwise. Approval of the Audit and Supervisory Committee is to be obtained prior to nominating a candidate for director who is an Audit and Supervisory Committee member.
Furthermore, the nomination of a president is decided at a meeting of the Board of Directors based on the "President Succession Plan" and the report of the Nomination and Compensation Advisory Committee. The "President Succession Plan" is decided at a meeting of the Board of Directors after considering factors such as the deliberation of the Nomination and Compensation Advisory Committee. At the time of nomination, the nominee is selected from a pool of candidate personnel based on selection standards that value a high level of ethics, personality, character and management ability, as well as from the viewpoint of improving the Company's corporate value, including ability to promote the Long-Term Vision for 2030.

(v) When appointing, dismissing or nominating a director, the Company explains the individual reasons for such appointment, dismissal or nomination.

Supplementary Principle 3-1 (3)

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

Furthermore, as the Company expressed its support for the TCFD recommendations in February 2021, it has been analyzing the impacts that can contribute to the Company's business activities, profits, etc. by analyzing climate risk and opportunity scenarios in line with TCFD recommendations, and carrying out information disclosure in line with this framework. Going forward, the Company has expressed its aim to further promote climate change response and reduce CO_2 emissions to virtually zero in 2050 in order to contribute to the Group's growth and a sustainable society.

Supplementary Principle 4-1 (1)

By taking decisions related to management at the Board of Directors, and decisions

related to business execution at the Executive Committee, the Company seeks to strengthen the supervisory function and speed up decision making through the separation of the roles of management and business execution.

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

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

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

Supplementary Principle 4-10 (1)

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

When determining remuneration, the Nomination and Compensation Advisory Committee, whose members consist of the president and outside directors, submits its findings to the Board of Directors, with the president delegated by the Board of Directors then determining remuneration within the total value limits imposed by the resolution of the General Meeting of Shareholders. The reason for delegating authority is because the president is deemed the most suitable for evaluating each director while taking a broad overview of the Company's business performance as a whole.

Supplementary Principle 4-11 (1)

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

Supplementary Principle 4-11 (2)

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

Supplementary Principle 4-11 (3)

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

Between December 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.

1. Overview of results

(1) Conclusion

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

(2) Evaluation process

(i) Persons evaluated

All directors

(ii) Evaluation method

The survey was conducted by administering an anonymous questionnaire.

(iii) Evaluation items

The major categories of the questionnaire were as follows.

I Composition and management of the Board of Directors
II Management and business strategies
III Corporate ethics and risk management
IV Evaluation and remuneration of management
V Dialogue with shareholders, etc.

(3) Evaluation results

(i) Progress in relation to issues recognized in the FY2020 effectiveness evaluation

- In the FY2020 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 in 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 on-site tours, etc.
- On the matter of even more enhancement of discussion about medium- to long-term strategies in 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.

(ii) Principal issues recognized in the FY2021 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 (digital transformation).

2. 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.

Supplementary Principle 4-14 (2)
The Company implements training for all of its directors related to the Companies Act and other laws. This training is provided by attorneys and other outside specialists. Additionally, we provide business briefings and on-site tours for outside directors, carrying out initiatives that contribute to increasing their understanding of the Company's business.

Principle 5-1: Policy for Constructive Dialogue with Shareholders
The Company treats dialogue with shareholders with the utmost seriousness. Opinions obtained in this way are shared as appropriate with the Board of Directors, and are thus used for the purpose of achieving sustainable growth and increases in corporate value over the medium to long term.

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

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

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

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

2. Capital Structure

Ratio of foreign investors	More than 20% less than 30%

Major Shareholders

Name	Number of shares held (shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,131,000	8.98
Custody Bank of Japan, Ltd. (Trust Account)	7,292,900	4.64
RAILWAY HOLDINGS, L.L.C	7,162,200	4.55
STATE STREET BANK WEST CLIENT - TREATY 505234	4,471,146	2.84
TAIYO LIFE INSURANCE COMPANY	3,200,000	2.03
Nippon Life Insurance Company	3,128,000	1.99
Custody Bank of Japan, Ltd. (Trust Account 7)	2,468,100	1.57
Meiji Yasuda Life Insurance Company	2,416,800	1.54

Name	Number of shares held (shares)	Ratio (%)
Custody Bank of Japan, Ltd. (Trust Account 5)	2,246,300	1.43
Central Japan Railway Company	2,077,900	1.32
Controlling shareholder (except for Parent company)	—	
Parent company	None	

Supplementary Information

Major shareholders are as listed in the current register of shareholders as of March 31, 2021.

3. Company Attributes

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

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

N/A

5. Other Special Circumstances That Significantly Affect Corporate Governance

N/A

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

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

Organizational structure	Company with audit and supervisory committee

Directors

Statutory number of directors	17
Statutory term of office for directors	1 year
Chair of Board of Directors	Chairman
Number of directors	15
Appointment status of outside directors	Appointed
Number of outside directors	8
Number of independent outside directors	7

Relationship with the Company (1)

Name	Attributes	Relationship with the Company*									
		a	b	c	d	e	f	g	h	i	j	k
Izumi Kuwano	Former member of another company								○			
Toshihide Ichikawa	Former member of another company											
Shinji Asatsuma	Former member of another company											
Kuniko Muramatsu	Former member of another company											
Michiaki Uriu	Former member of another company								○			
Eiichi Kuga	Other											
Yasunori Eto	Attorney											
Hiromi Fujita	Tax Accountant											

* Categories for "Relationship with the Company"
* "○" indicates that the director currently falls under the category, or did so recently, and "△" indicates that the director fell under the category in the past.
* "●" indicates that a close relation falls under the category, or did so recently, and "▲" indicates that a close relation fell under the category in the past.
a. Executive of a listed company or a subsidiary thereof
b. Executive or non-managing director of the parent of a listed company
c. Executive of a fellow subsidiary of a listed company
d. Party or company executive who establishes a listed company as its primary client
e. Principal client of a listed company or an executing person thereof
f. Consultant, accountant, or legal expert receiving considerable cash and other assets other than directors' compensation from a listed company
g. Principal shareholder of a listed company (where said principal shareholder is a corporation, an executive of said corporation)
h. Executive (directors themselves only) of a listed client company (where d, e, and f do not apply)
i. Executive (directors themselves only) of a company that has a relationship involving

cross-assumption of office of outside directors

j. Executive (directors themselves only) who receives contributions from a listed company

k. Other

Relationship with the Company (2)

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
Izumi Kuwano			(Important information on concurrent post(s)) President, Tamanoyu Co., Ltd. The Company has a business relationship with Tamanoyu Co., Ltd. including payment of hotel accommodation fees.	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.
Toshihide Ichikawa		Yes	(Important information on concurrent post(s)) Advisor, Mitsui Fudosan Co., Ltd. Standing Advisor, Mitsui Home Co., Ltd.	Mr. Ichikawa was appointed in anticipation that he will perform the functions of supervision and monitoring of the Company's management based on his perspective largely underpinned by his experience and knowledge as an expert in real estate and management gained throughout his career history, having long been involved in the management of Mitsui Fudosan Co., Ltd. and Mitsui Home Co., Ltd. In addition, it has been determined that Mr. Ichikawa is sufficiently independent of the Company due to the fact that he fulfills the requirements for independent directors

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
				as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. His appointment also reflects the Company's belief that he will supervise its management from an independent perspective.
Shinji Asatsuma		Yes	–	Mr. Asatsuma was appointed in anticipation that he will leverage his experience and knowledge as an expert in finance, IR and management gained from his involvement in the management of Kansai Paint Co., Ltd. for many years, to perform the functions of supervising and monitoring the Company's management from an independent standpoint. In addition, it has been determined that Mr. Asatsuma is sufficiently independent of the Company due to the fact that he fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with

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

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
				reflects the Company's belief that she will supervise its management from an independent perspective.
Michiaki Uriu		Yes	(Important information on concurrent post(s)) Representative Director and Chairperson, Kyushu Electric Power Company, Incorporated Outside Director, Audit and Supervisory Committee Member, THE NISHI-NIPPON CITY BANK, LTD. Outside Audit & Supervisory Board Member, Kyudenko Corporation Although the Company has a business relationship with Kyushu Electric Power Company, Incorporated including payment of the electricity costs, the monetary value of such transactions are within the scope of the independence criteria set by the Company.	Mr. Uriu was appointed in anticipation that he will perform the functions of supervision and monitoring of the Company's management and perform a checking function over it from the perspective of his experience and knowledge as an expert in regional economic promotion and management gained throughout his career history, having long been involved in the management of Kyushu Electric Power Company, Incorporated and having furthermore contributed to the development and revitalization of the regional economy whereby he took on heavy responsibilities in business circles of the Kyushu area. In addition, it has been determined that Mr. Uriu is sufficiently independent of the Company due to the fact that he fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with

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

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

Name	Audit and Supervisory Committee member	Independent director	Supplementary explanation on compatibility	Reason for appointment
				Company due to the fact that he fulfills the requirements for independent directors as defined by the Tokyo Stock Exchange as well as the Company's independence evaluation criteria for outside officers, and therefore no conflict of interest with general shareholders should arise. Her appointment also reflects the Company's belief that she will supervise its management from an independent perspective.

Audit and Supervisory Committee

Member Composition and Chairman Attributes

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

Directors and employees who are to assist with the duties of the Audit and Supervisory Committee	Yes

Items Related to Independence from Executive Directors of Such Directors and Employees

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

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

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

Voluntary Committees

Establishment of voluntary committees that correspond with the Nomination Committee and the Compensation Committee	Yes

Establishment of Voluntary Committee, Member Composition, and Chairman Attributes

Voluntary Committee Corresponding with the Nomination Committee

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

Voluntary Committee Corresponding with the Compensation Committee

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

Supplementary Information

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

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

<Principal themes for deliberation>

- Policy for selecting directors, and selection proposals
- Proposals for selecting senior corporate officers
- Succession plan
- Compensation systems for officers (policies for deciding compensation, reasonableness of the level and composition of compensation)

Independent Officers

Number of independent officers	7

Other Items Related to Independent Officers

Independence Evaluation Criteria for Outside Officers

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

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

Incentives

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

Supplementary Information

The Company adjusts individual compensation levels based on a director's responsibilities and results achieved in the previous fiscal year. Based on the approval of the introduction of the performance-linked share-based remuneration plan called the "Board Benefit Trust" at the 32nd Annual General Meeting of Shareholders held on June 21, 2019, remuneration for directors (excluding outside directors and directors who are Audit and Supervisory Committee members) consists of performance-linked remuneration (share-based), of which the amount fluctuates based on the fixed remuneration amount and the Company's business performance.

Recipients of stock options	None

Supplementary Information
None

Director Compensation

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

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

Policy for determining compensation level and calculation methods	Yes

Policy for Determining Compensation Level and Calculation Methods

Policy, etc. concerning decisions on the details of remuneration, etc. for officers, etc.
The Board of Directors resolved the decision policy regarding the details of remuneration, etc. for individual officers at the meeting held on February 24, 2021. Upon the said resolution by the Board of Directors, the Board of Directors had consulted the Nomination and Compensation Advisory Committee regarding the content of the resolution and received the report of the latter's findings.

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

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

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

2. Compensation Mix
   (1) Directors (Excluding Outside Directors and Directors Who Are Audit and Supervisory Committee Members)
   Reflecting the decision made at the Annual General Meeting of Shareholders held on June 21, 2019, to introduce the performance-linked share-based remuneration plan called the "Board Benefit Trust," the compensation mix is composed of a fixed basic remuneration and a performance-linked remuneration (share-based), of which the amount fluctuates based on the Company's business performance. Performance-linked remuneration (share-based) for directors (excluding outside directors and directors who are Audit and Supervisory Committee members) shall be restricted to no more than 20% of total remuneration.

   As for the key performance indicators (KPI) used for the performance-linked

remuneration (share-based), in the short-term, the KPI is set as consolidated operating profit of each fiscal year which constitutes management figures in the Medium-Term Business Plan, and in the medium to long term the KPI is set as the ratio of Total Shareholders Return (TSR) to the rate of TOPIX growth over the period of the Medium-Term Business Plan (three fiscal years). By further clarifying in this way the linkage between remuneration for executive directors, and business performance and the value of Company shares, the objective is to ensure that not only the benefits of higher share prices, but also the risks of falling share prices are shared with shareholders, thereby further strengthening the motivation for directors to contribute to improvements in business performance and corporate value over the medium to long term.

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

(2) Outside Directors and Directors Who Are Audit and Supervisory Committee Members
In consideration of their responsibilities, the remuneration of outside directors and directors who are Audit and Supervisory Committee members consists of basic remuneration only.

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

In addition, with regard to performance-linked share-based remuneration plan "Board Benefit Trust," it was resolved at the 32nd Annual General Meeting of Shareholders held on June 21, 2019 that the Company contribute funds to the trust up to ¥600 million (¥390 million of which for Directors), apart from the above amount of remuneration, over three fiscal years as funds for the acquisition of shares to be provided in the future.

4. Method of Calculating Performance-linked Remuneration (Share-based)
(1) Outline of the Plan
The Plan is a performance-linked share-based remuneration plan under which the Company's shares are acquired through a trust which is established using monetary funds contributed by the Company (the "Trust"), and whereby each director is provided through the Trust with the Company's shares of whose number is equivalent to the number of points granted to them in accordance with their position and the degree to which performance is achieved, pursuant to the "Rules on Provision of Shares to Officers" established by the Company through its Board of Directors. The Directors are to receive the Company's shares upon their retirement, in principle.
(2) Maximum Number of Company Shares to Be Provided to Directors and Calculation Method Thereof
Pursuant to the "Rules on Provision of Shares to Officers" established by the Board of Directors, the Company grants each director points that are calculated at a prescribed time each year during the trust period. The points are calculated using a coefficient (ranging from 0.0 to 2.0) that varies depending on a director's position, consolidated operating profit each fiscal year, and the degree to which

performance has been achieved in terms of the ratio of Total Shareholders Return (TSR) to the rate of TOPIX growth over the period of the Medium-Term Business Plan (three fiscal years). 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.

Whereas the consolidated operating profit of ¥56,600 million was the target indicator in determining remuneration linked to business performance for the fiscal year under review, the consolidated operating profit recorded was ¥49,406 million.

5. Procedures for Determining Compensation
When determining remuneration for directors (excluding directors who are Audit and Supervisory Committee members), the Nomination and Compensation Advisory Committee, whose members consist of the president and outside directors, submits its findings to the Board of Directors, with the president delegated by the Board of Directors then determining remuneration within the total value limits imposed by the resolution of the General Meeting of Shareholders. The reason for delegating authority is because the president is deemed the most suitable for evaluating each director while taking a broad overview of the Company's business performance as a whole. In the current fiscal year, Mr. Toshihiko Aoyagi, who is Representative Director and President, Corporate Officer, Chief Executive Officer, and in charge of Auditing Department, was delegated authority by the Board of Directors to determine remuneration. Remuneration for directors who are Audit and Supervisory Committee members is determined through discussion among directors who are Audit and Supervisory Committee members, within the total value limits imposed by the resolution of the General Meeting of Shareholders.

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

Support Systems for Outside Directors
The Administration Department and Audit and Supervisory Committee Office were established as a contact point for outside directors (excluding Audit and Supervisory Committee members) and outside directors who are Audit and Supervisory Committee members, and a support system was put into place to allow outside directors to freely exchange opinions when necessary and provide them with preliminary explanations from each department.

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

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

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

Total number of retired representative director and presidents, etc. holding advisory or any other position in the Company	1

Other Items

In addition to responding to inquiries of the president with respect to the Company's business activities, the senior executive advisor also engages in external activities that benefit the Company and society.

The Company deems that there are no problems with respect to governance given that the senior executive advisor is not involved in managerial decision-making.

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

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

- Board of Directors

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

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

carrying out business management at each Group company, the Group Executive Committee is making efforts to reinforce the comprehensive strengths of the JR Kyushu Group.

- Audit and Supervisory Committee

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

- Accounting Auditor

The Company selects and evaluates an accounting auditor based on standards determined by the Audit and Supervisory Committee. The Company makes efforts to maintain an accounting auditor with a high level of independence and expertise.

- Policy and Procedure for Appointment

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

- Liability Limitation Agreement

In accordance with the provision of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with its outside directors that limits the liability under Article 423, Paragraph 1, of the Companies Act. The amount of liability limited based on this agreement is held to the minimum amount permissible by laws and regulations.

- The Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy, as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, and the said insurance policy covers the amount of indemnification and litigation expenses to be borne by the insured upon a claim for damages filed by a shareholder, third party, etc.
The insured persons in the said insurance policy are major executives of the Company and its subsidiaries including directors, auditors, and executive officers.

3. Reasoning for Selecting Current Corporate Governance System

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

operations. The Company has selected the aforementioned corporate governance system to such ends.

III. Operational Status of Policies for Shareholders and Other Stakeholders

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

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

2. Status of IR Activities

	Supplementary information	Information directly from representatives
Preparation and announcement of disclosure policy	In addition to standards and methods for information disclosure, the Company has also made available its prescription for quiet periods, etc., on the Company website. https://www.jrkyushu.co.jp/company/ir_eng/policy/disclosure_policy/	
Regular information sessions for individual investors	Every year, the Company holds information sessions for individual investors, (these were held a total of two times during the period from April 2021 to March 2022), and with the schedule and materials being made available on the Company website. https://www.jrkyushu.co.jp/company/ir/library/individual_investors/	None
Regular information sessions for analysts and institutional investors	President and Corporate Officer, CFO, or others give financial results presentations after second-quarter and year-end results announcements, in addition to holding conference calls after first-quarter and third-quarter results announcements, and the IR DAY that includes outside directors and other events.	Yes
Regular information sessions for overseas investors	President and Corporate Officer, CFO, or others give presentations to overseas investors at individual meetings periodically.	Yes
IR materials posted on corporate website	Both materials related to financial results and information not related to financial results are made available on the IR information page of the Company website in a timely manner, in addition to monthly data. https://www.jrkyushu.co.jp/company/ir_eng/	

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

3. Status of Initiatives for Respecting Stakeholder Perspective

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

IV. Items Related to Internal Control Systems, Etc.

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

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

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

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

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

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

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

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

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

directors and part-time auditors at Group companies.

4. **Systems for Ensuring Effective Business Execution by Directors of the Company and Group Companies**
The Company's Board of Directors delegates a portion of authority for execution of important operations when necessary on the basis of the Articles of Incorporation and resolutions of the Board of Directors. Meanwhile, the Company's Board of Directors also determines the amount of work undertaken by each corporate officer, and ensures that systems are in place to allow each director and corporate officer to perform his or her assigned work in an efficient manner. In addition, the Company clarifies the authority and responsibilities of each director, corporate officer and employee through the Guidelines on Administrative Authorities, thereby securing an effective system for business execution.
For Group companies, the Company ensures an effective system for business execution through the establishment of regulations related to the division concerning duties, the chain of command, authority, decision making, and other organizational matters.

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

6. **Systems for Reporting to the Company Facts Pertaining to Business Execution of Group Company Directors and Employees**
The Company has provided regulations for business administration at affiliated companies. Group executive strategy and other crucial items are communicated through review and reporting systems for the Group Executive Committee, which comprises corporate officers connected to the Company. Moreover, the Company ensures a system for regular reporting on Group companies' operating results and financial conditions.

7. **Items Regarding Employees Who Are to Assist with the Duties of the Company's Audit and Supervisory Committee**
The Company's Audit and Supervisory Committee members have the authority to instruct Audit and Supervisory Committee Office employees on items necessary to activities of the Audit and Supervisory Committee.
In addition, Audit and Supervisory Committee Office employees will not receive guidance from directors (excluding directors who are Audit and Supervisory Committee members) or others with regard to those instructions.

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

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

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

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

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

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

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

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

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

V. Other

1. Status of the Introduction of Takeover Defense Measures

Introduction of takeover defense measures	None

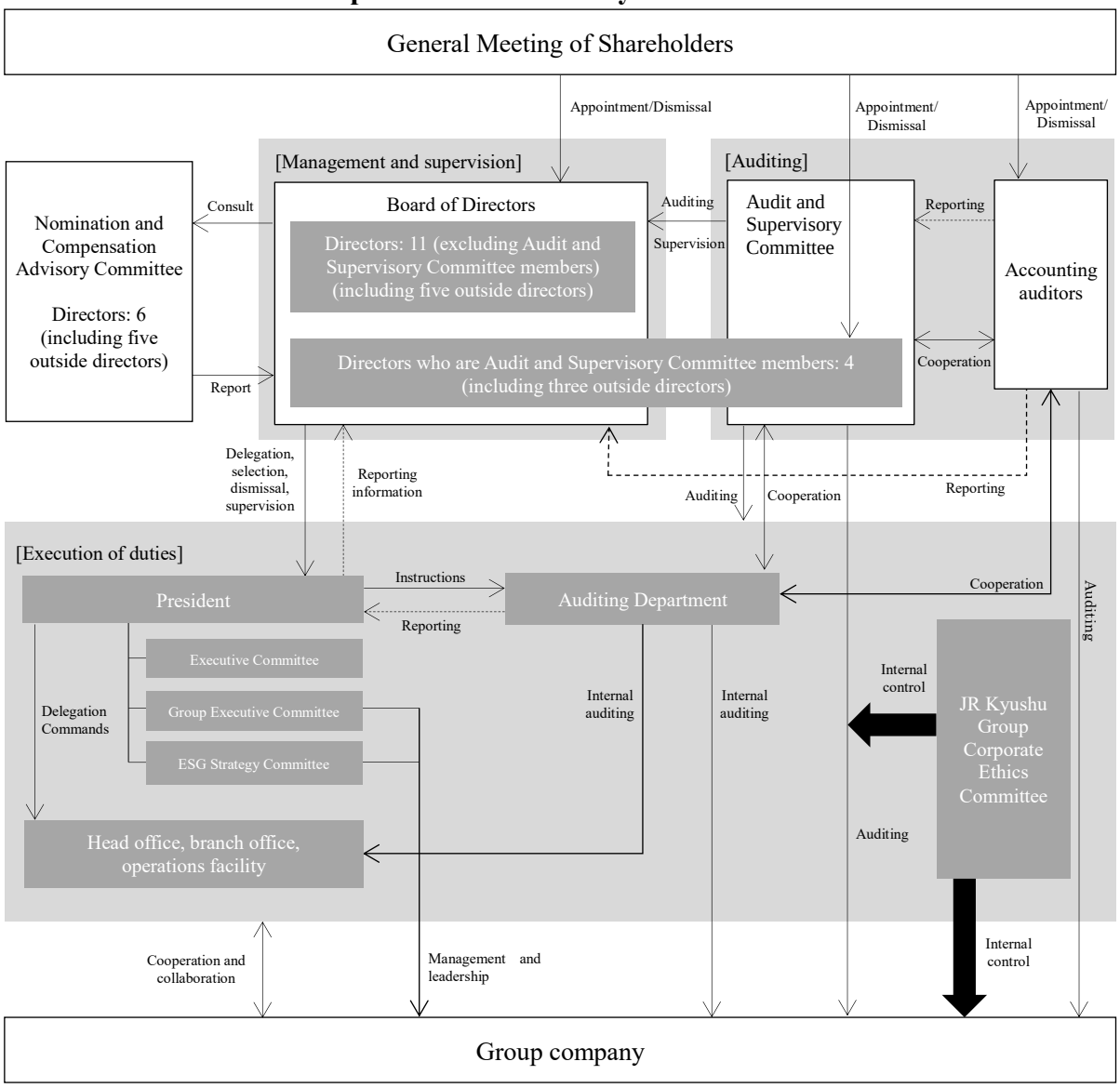
Supplementary Information
None

2. Items on Other Corporate Governance Systems

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

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

Reference Materials 1: Corporate Governance System



Category of officers	Name	Position
Directors (excluding Audit and Supervisory Committee members)	1. Toshihiko Aoyagi	Representative Director and Chairman Corporate Officer
	2. Yoji Furumiya	Representative Director and President Corporate Officer
	3. Toshihiro Mori	Director and Managing Corporate Officer
	4. Hiroyuki Fukunaga	Director and Managing Corporate Officer
	5. Koji Karaike	Director and Senior Executive Advisor
	6. Ryuji Tanaka	Director
	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

Data of officers	
Number of directors	Male: 12
	Female: 3
	Total: 15
Ratio of independent outside directors	46.7%
Ratio of female directors	20.0%
Number of corporate officers (excluding directors)	17

Reference Materials 2: Overview of Appropriate Disclosure System

