

Corporate Governance

Based on its Corporate Philosophy and Safety Charter, JR-West works to fulfill its corporate social responsibility and strives for sustained future growth through continuous efforts to build a safe railway that delivers peace of mind and earns trust. To achieve these objectives, the entire JR-West Group is working to enhance its corporate governance, including by reinforcing its management monitoring and supervisory functions and reaffirming its corporate ethics.

Overview of the Corporate Governance System

Pursuant to the Companies Act, JR-West has adopted the structure of a company with Audit & Supervisory Board members as its corporate governance system. To enhance this system, the Company proactively calls upon the participation of sufficiently independent external executives. Of the Company's 14 directors, five external directors have been appointed to concentrate on monitoring and supervision, striving to ensure management soundness and transparency. As members of the Board of Directors, the external directors participate in business execution and decision-making on important management matters. In addition, they provide advice and conduct monitoring based on their extensive experience and specialized knowledge. This arrangement further enhances the monitoring and supervisory function. In addition, we have augmented the transmission of information to external directors, including by increasing the number of opportunities to explain to them the status of business execution. The president holds topmost responsibility for business execution. By

delegating authority to executive officers, the president accelerates decision-making and business execution. The Audit & Supervisory Board comprises four members, three of whom are external members. The Audit & Supervisory Board members ensure management transparency and fairness through the appropriate monitoring of the execution of duties by directors. The Company has established a Corporate Ethics Committee, chaired by the president, which deliberates on and evaluates important matters related to corporate ethics. This committee reports to the Board of Directors, as needed. Furthermore, in response to the May 2015 enactment of the revised Companies Act, this committee has formulated a basic perspective on and structures for the internal control system, and reports to the Board of Directors on its operational status. The Company is in agreement with the gist and spirit of the Corporate Governance Code, which went into effect in financial instruments exchange listing regulations on June 1, 2015, and responds appropriately to the code.

➔ For further information on corporate governance, please refer to the Corporate Governance Report.
<https://www.westjr.co.jp/global/en/ir/corporate-governance/>

Message from an External Director

JR-West provides public transportation services over a broad area. As such, in addition to ensuring the safety and peace of mind of its customers, the Company has the social mission of being friendly to the environment and contributing to the communities along the lines it operates. At the same time, the Company must respond accurately to social changes, enhance its competitiveness, and ensure earnings. Also essential are JR-West's efforts to cultivate a creative and positive corporate culture for its employees, who are at the forefront of ensuring safety and peace of mind to passengers.

To remain a company that society trusts, JR-West must consider the desirable future of public transportation and the business domains in which it should take part. Simultaneously, the Company must contribute to society and embrace diversity, as well as engage in animated discussions to an unprecedented degree, implementing management decisions that make a difference, and disclosing information in a variety of fields.

My corporate experience and background in researching lifestyle and culture give me a viewpoint similar to that of JR-West's customers. From this perspective, and operating in a society that is moving from growth to maturity, I aim to assert my views and play a useful role for JR-West, assisting the Company in its efforts to be a trusted leader that is committed to serving society.



Yumiko Sato

