

# Corporate Governance

Based on its Corporate Philosophy and Safety Charter, JR-West works to fulfill its corporate social responsibility and strives to increase corporate value over the medium to long term and build long-term trust-based relationships with its shareholders and various other stakeholders. To realize these goals, we are endeavoring as a group to put in place and operate an appropriate corporate governance system.

## Overview of the Corporate Governance System

JR-West's Board of Directors is composed of 14 directors, including five independent outside directors. To ensure management soundness, transparency, and efficiency, the Board engages in lively debate, receiving advice from independent outside directors based on their extensive experience and specialized knowledge, conducts timely and appropriate decision-making, and performs effective monitoring and supervision. At the same time, the Board delegates authority to executive officers in the interest of accelerating decision-making and business execution. Going forward, we will pursue necessary measures aimed at further

enhancing the effectiveness of the Board of Directors.

The Audit & Supervisory Board comprises four members, three of whom are independent external members. This board appropriately audits the execution of business by the individual directors and provides necessary advice and recommendations.

In compliance with the Corporate Governance Code, which came into force in June 2015, the Company discloses its basic views and status of initiatives based on the code. To enhance corporate value, we promote initiatives in keeping with the spirit of the code, such as enhancing the effectiveness of the Board of Directors and disclosing information appropriately and in a timely manner.

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

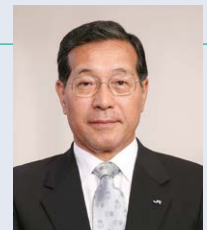
## Message from an External Director

I think CSR is about more than fulfilling responsibilities and avoiding risks. It also involves activities that help a company and its employees grow by fostering stakeholder understanding and trust. In other words, CSR should be ingrained in all company activities.

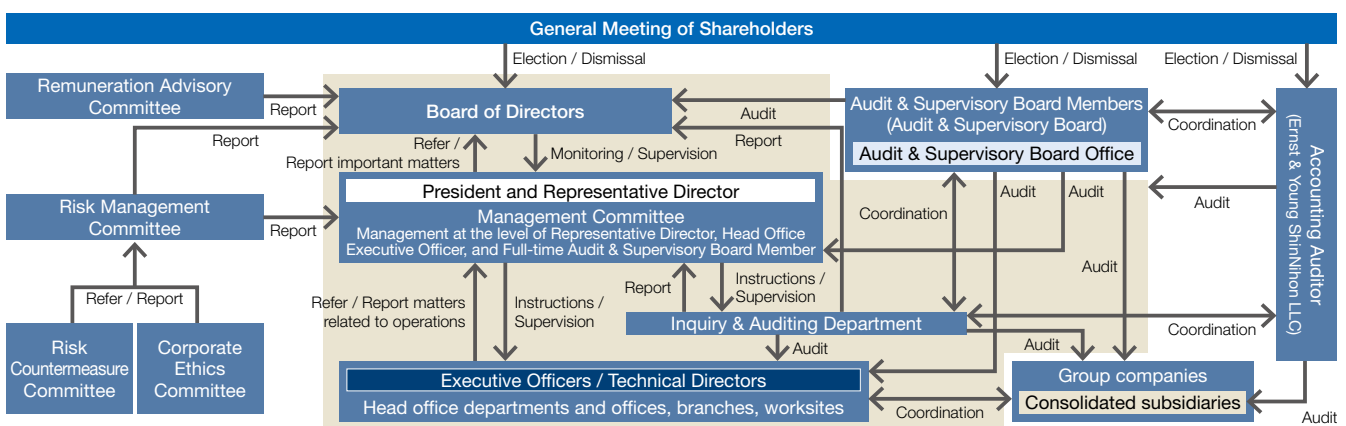
In this sense, CSR requires communications that foster both internal and external dialogue and, based on this discussion, calls for the appropriate investment of resources and distribution of rewards. On the other hand, in terms of a company's growth, it is essential to take a certain amount of risk and advance into new fields of activity and geography, not being too defensive.

When a company addresses these issues, corporate governance serves an important role in maintaining balance among the various stakeholders and checking to make sure a company's aggressive and defensive elements are well balanced and not overly skewed in one direction.

The electric power industry, which I am involved in, is now moving toward full-fledged deregulation, while maintaining a balance among such factors as supply stability—with safety being of paramount importance—alongside considerations of economy and the global environment. I will do my best to help steer management, based on these experiences.



Norihiko Saito



Notes: 1. The Company shall establish an Audit & Supervisory Board Office under the direct control of the Audit & Supervisory Board members and appoint its employees to engage exclusively in assisting the Audit & Supervisory Board members.  
 2. ■ denotes audit scope of the Accounting Auditor.