

CSR Overview

Pursuing Think-and-Act Initiatives to Realize Our Corporate Philosophy

The JR-West Corporate Philosophy and Safety Charter form the foundation of our management. Created in the wake of the Fukuchiyama Line accident, we consider our Corporate Philosophy to be a contract with society that we decided after extensive discussion among all executive officers and employees, based on our determination to be a company that places top priority on safety and to never again allow a serious accident to

happen. Therefore, we consider putting our Corporate Philosophy into practice to be the CSR of JR-West. Our Corporate Philosophy and Safety Charter foster in all of our executive officers and employees a common attitude that they bring to work of steadily increasing safety and customer satisfaction; responding to the expectations of customers, society, shareholders, suppliers, and other stakeholders; and achieving sustainable development into the future. Toward that end, JR-West is committed to continuously thinking and acting as a unified entity.

Corporate Philosophy

- 1 We, being conscious of our responsibility for protecting the truly precious lives of our customers, and incessantly acting on the basis of safety first, will build a railway that assures our customers of its safety and reliability.
- 2 We, with a central focus on railway business, will fulfill the expectations of our customers, shareholders, employees and their families by supporting the lifestyles of our customers, and achieving sustainable growth into the future.
- 3 We, valuing interaction with customers, and considering our business from our customers' perspective, will provide comfortable services that satisfy our customers.
- 4 We, together with our group companies, will consistently improve our service quality by enhancing technology and expertise through daily efforts and practices.
- 5 We, deepening mutual understanding and respecting each individual, will strive to create a company at which employees find job satisfaction and in which they take pride.
- 6 We, acting in a sincere and fair manner in compliance with the spirit of legal imperatives, and working to enhance corporate ethics, will seek to be a company trusted by communities and society.

Safety Charter

We, ever mindful of the railway accident that occurred on April 25, 2005, conscious of our responsibility for protecting the truly precious lives of our customers, and based on the conviction that ensuring safety is our foremost mission, establish this Safety Charter.

- 1 Safety is ensured primarily through understanding and complying with rules and regulations, a strict execution of each individual's duty, and improvements in technology and expertise, and built up through ceaseless efforts.
- 2 The most important actions for ensuring safety are to execute basic motions, to rigorously enforce safety checks, and to implement flawless communication.
- 3 To ensure safety, we must make a concerted effort, irrespective of our organizational affiliation, rank, or assignment.
- 4 When uncertain about a decision, we must choose the most assuredly safe action.
- 5 Should an accident occur, our top priorities are to prevent concomitant accidents, and to aid passengers.

Relationship between Stakeholders and the JR-West Group

Having employees who are motivated, take pride in their work, and provide high-quality service results in satisfaction and a sense of safety and peace of mind for customers, and contributes to the invigoration of the West Japan area. With the profits earned under such conditions, we will assure the sustainability of operations, and build good relationships with shareholders and suppliers.



**<Victims>
Measures to Have Ourselves Accepted
as Acting with the Best Intentions
by the Victims of the Train Accident**

Pursuing CSR by Thinking and Acting Based on the Field

In order to uphold our Corporate Philosophy and provide greater value to society through our business activities, we have specified eight high-priority CSR fields in reflection of society's demands.

To maintain reliable railways that passengers can use safely and with peace of mind, we believe it is important for all JR-West Group employees at all of our workplaces to maintain a constant awareness of customers, to share the common understanding of the various issues that arise at front-line work sites, and to autonomously and collaboratively work to solve them with a sense of urgency. The JR-West Group pursues CSR by having every one of our employees embrace this "thinking and acting based on the field" as the guiding principle of conduct.



FTSE4Good

In June 2015, FTSE Group confirms that JR-West has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. JR-West has been consecutively included in the index series since 2002.

Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.

CSR Overview

Fiscal 2015 Activity Results and Fiscal 2016 Initiative Plans for 8 Key Areas of CSR

In the area of safety, we advanced initiatives based on the Safety Think-and-Act Plan 2017, under recognition of safety as the most important issue forming the basis of our business. With regard to the other seven areas, we have established key initiatives and are engaged in activities under the CSR Promotion Committee, which is headed by the company President.

| Area | Initiatives in the Safety Think-and-Act Plan |
|--|--|
| Safety → See pages 32-33 for more details. | Continual efforts to realize safe, reliable transport service |
| | Increasing level of risk assessments |
| | Increasing safety awareness and implementing think-and-act initiatives with the highest priority on human life |
| | Investment in safety |
| Area | Fiscal 2015 key initiative items |
| Customer satisfaction → See pages 34-35 for more details. | Taking on board customer voices to promote the enhancement and improvement of services |
| | Perceiving customers' expectations and responding to diverse needs |
| | Building a railway with high transportation quality |
| | Actively conveying our initiatives to customers and to society |
| Coexistence with communities → See pages 36-37 for more details. | Kansai Urban Area: Enhance the value of railway belts and urban areas |
| | Western Japan Area: Invigorate the strengths of each area |
| | Further enhancing social contribution activities |
| Human resources/Motivation → See pages 38-39 for more details. | Human resource development: Initiatives aimed at individual employee growth |
| | Job satisfaction: Creating workplaces that are rewarding and vibrant |
| | Human resources acquisition: Ensuring the required human resources for business operations |
| Global environment → See pages 40-41 for more details. | Energy-saving initiatives for the prevention of global warming |
| | Saving resources for the contributions to building a recycling-oriented society |
| | Promotion of environmental management system (EMS) |
| | Coexistence with communities and nature |
| Compliance → See pages 42-47 for more details. | Education and enhancement of awareness to promote a personal sense of involvement in compliance initiatives |
| | Improvement of systems and promotion of measures to establish compliance |
| Human rights | Promotion of "management of risks involving human rights" |
| Disclosure | Public relations activity based on the viewpoints and sensitivities of society |
| Crisis management → See pages 42-47 for more details. | Promotion of Group-wide risk management |
| | Reduction of important risks |
| Information | Establishment of the PDCA cycle |

Fiscal 2015 major initiatives

Review of internal rules for engineering-related employees working during intervals between operating trains
 Creation of practical edition of risk assessment handbook / Implementation of risk assessments of plans
 Initiatives for "Think-and-Act" with the Fukuchiyama Line accident etched in mind / Establishment of Safety Perception Refinement Building
 Safety-related investment of about ¥90.2 billion

Fiscal 2016 key initiative plans

Promotion of initiatives in both tangible and intangible aspects, to address issues including improvement safety on platforms and coping with intensifying natural disasters / Evaluation of the scheme for safety management through third-party organizations, which was adopted in FY2016

Fiscal 2015 major initiatives

Prompt and courteous response to customers' voices and shortening of time required for response / Reflection of customers' voices in products and services
 Advancement of barrier-free station facilities, beautification and renewal of restrooms / Enhancement of information guide services for inbound visitors, etc.
 Prevention of schedule disruption / Quick recovery from schedule disruption / More prompt information guidance to customers (deployment of tablet devices, launch of operating status information app utilizing push notification)
 Communication of examples of improvement based on customers' voices / Initiatives to improve manners (communication via website and YouTube, launch of blog)
 Enhancement of value of railway belts through station improvements and enhancement of lifestyle-related services / Promotion of cooperation with local governments and regional companies and schools / Uncovering and communication of attractive resources in area
 City development efforts centered on stations, and creation of bustle as a unified Group / Tourism promotion together with local partners / Uncovering of new regional products and communication of information about these
 Initiatives under the JR-West-Relief-Foundation / Continuation of workplaces' activities rooted in communities / Support for the handing down of traditional culture in communities
 PDCA cycle for training based on understanding the individuals / Further developing and utilizing motivated employees
 Promotion of communication / Supporting the development of workplaces that ensure positive mental and physical health / Workplace environments that let diverse employees participate actively in work with a sense of unity
 Securing human resources with a sense of mission and challenging spirit
 Adopting energy-saving rolling stock; promoting energy-saving train driving / Initiatives to conserve energy in stations, etc.
 Promotion of 3Rs for railway materials / Promotion of recycling of garbage from stations and trains
 Systematic education on environmental conservation / Group-wide drills based on emergency scenarios / Setting of environmental targets for 70 Group companies
 Conservation of biodiversity / Improvement of conveniences for the use of low CO₂-emission railways
 Discussion-based training matched to individual standpoints / Basic knowledge acquisition through e-learning, etc. / Roll-out to Group companies
 Identification of important risks in Group companies and execution of countermeasures / Implementation of questionnaires for Group companies / Improvement of whistle-blower system and making the system known well
 Identification of risks of human rights violations, and selection of top-priority issues from among these, at each workplace / Implementation of human rights training for prevention
 Initiatives to gain understanding / Maintenance and improvement of foundations for public relations ability
 Checks of and support for initiatives of Group companies through face-to-face meetings / Securing of system for prompt reporting of risk information on Group companies
 Scheduled implementation of measures to reduce important risks / Revision of risk map, and management of 13 items as important risks
 Implementation of education through e-learning, etc. / Implementation of emergency inspections centered on systems that handle customers' personal information

Fiscal 2016 key initiative plans

Enhancement of the content of responses to customers' voices and shortening of required time
 Understanding of and response to the need for societal changes (inbound visitors, senior/female customers, etc.)
 Promotion of measures and equipment improvement through organizational cooperation; invigoration and expansion of systems
 Active communication of results of initiatives
 Development of initiatives leveraging human networks, promotion of urban tourism, and improvement of value of railway belts
 Development of tourism routes leveraging the strengths of the railway and in cooperation with local partners, and continuation of initiatives to rediscover, reevaluate, and communicate the attractions of areas
 Continuation and deepening of initiatives rooted in communities, with efforts also made toward initiatives that contribute to resolution of local issues together with local partners
 Follow-up of human resource development initiatives at the level of systems and work site / Promotion of "post-recruitment" for more active participation by motivated employees
 Efforts toward both the use of systems and the creation of environments facilitating the use of systems / Career development support for employees engaged in childcare
 Promotion of active participation by, and active hiring of, senior-aged employees
 Promotion of the roll-out of Eco Stations and technological development, and promotion of the adoption of energy-saving rolling stock and high-efficiency equipment
 Further expansion of recycling of recyclable garbage from stations and trains, and further efforts toward reducing waste from facilities construction
 Strengthening of education to enable action with awareness of environmental risks and global environmental protection / Deepening of initiatives by Group companies
 Promotion of environmental conservation activities in cooperation with communities (preservation of rare animal species along train lines, preservation of scenic landscapes, etc.)
 Review of curriculum based on requests in post-training questionnaires, etc., and continued implementation of education to raise awareness of ethics
 Ongoing efforts to make whistle-blower system known well and instill understanding of its purpose / Ongoing implementation of corporate ethics questionnaire
 Devising ways of communicating and sharing case studies (via email, training workshops, etc.) so that these case studies are known well to all
 Active communication of information on the progress of the JR-West Group Medium-Term Management Plan 2017 (update) and the Safety Think-and-Act Plan 2017
 Ongoing promotion of risk management in close cooperation with Group companies / Promotion of sharing of information, countermeasures, etc. concerning new risks
 Ongoing implementation of education on the handling of personal information and on cyber-attack countermeasures / Promotion of adaptation to the "My Number" national identification number scheme

Safety

Value provided to society

- Safely transport passengers to their destinations
- Prevent all major occupational injuries and fatalities

Basic Approach

Safety is of the highest priority at JR-West. To establish a corporate culture that places top priority on safety, we are moving forward with various tangible and intangible initiatives.

Safety is also the core strategy of the JR-West Group Medium-Term Management Plan 2017 we formulated in March 2013, and we aim to attain higher levels of safety by steadily implementing our new Safety Think-and-Act Plan 2017. Having caused the Fukuchiyama Line accident, JR-West will continue to focus on implementing, as a critical safety

measure, the risk assessments we introduced in light of our inability to prevent this accident. In addition, we will move forward with various initiatives aimed at ensuring employees of the JR-West Group never forget the Fukuchiyama Line accident and can implement think-and-act measures putting human life and safety above all else. Supplementing these intangible steps with ongoing and proactive equipment maintenance and updates, new technology development, and other safety-related investments, we are committed to attaining higher levels of safety in our operations.

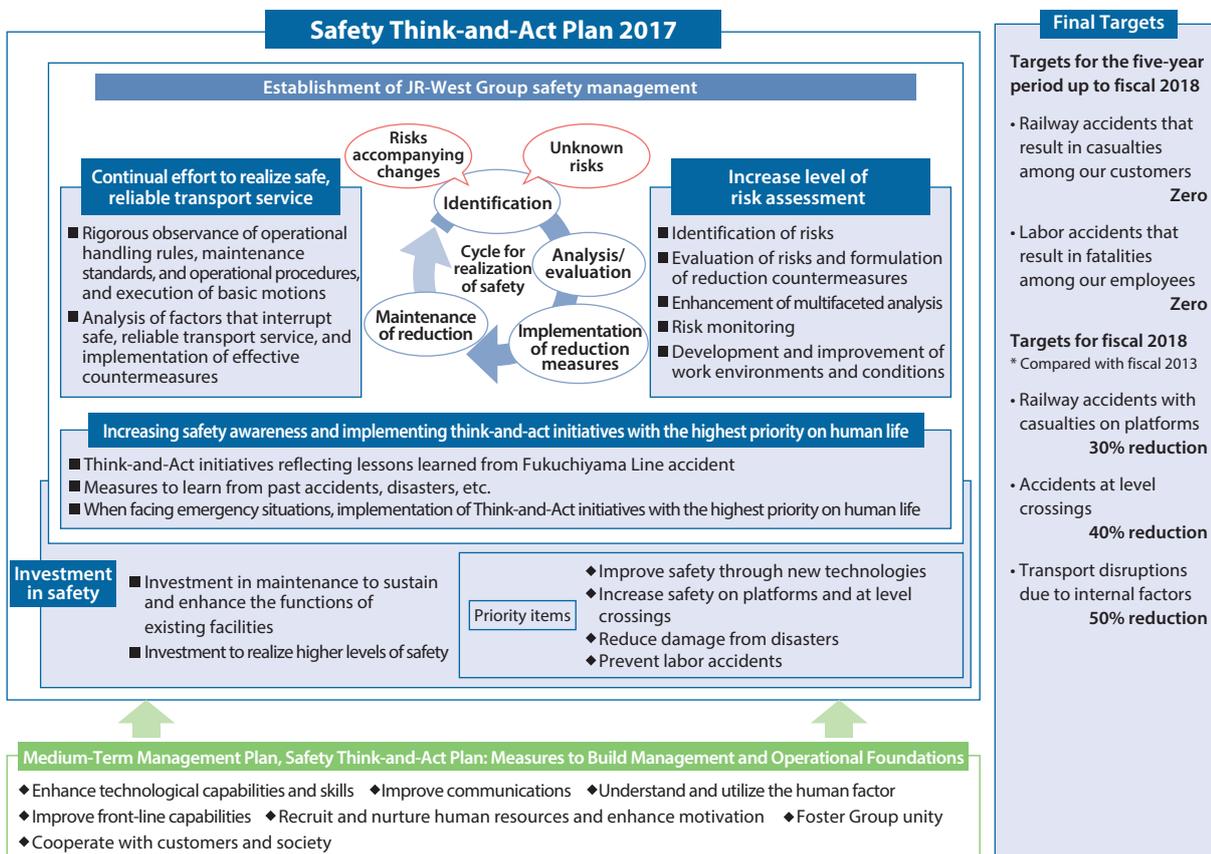
Based on recommendations from the JR-West Safety Follow-up Meeting, we have introduced a framework where starting in fiscal 2016 we will receive objective evaluations and professional advice with regards to our safety management systems from a third-party organization. Utilizing these evaluations and advice, we will continually enhance safety management systems.

Safety Think-and-Act Plan

Eliminating railway accidents that result in casualties among our customers and labor accidents that result in fatalities among our employees

JR-West established Safety Think-and-Act Plan 2017 in March 2013 as a concrete plan for the fundamental strategy of "safety" in the JR-West Group Medium-Term Management

Plan 2017. The pillars of this plan are continual effort to realize a safe, reliable transport service; increasing the level of risk assessment; increasing safety awareness and implementing think-and-act initiatives with the highest priority on human life; and investment in safety. Our goals in these areas are expressed by a five point numerical scale.



Increasing Level of Risk Assessments

Risk assessment consists of quantifying risks and taking appropriate actions for matters that should be addressed as high priorities. We are implementing risk assessment at all of our front-line work sites and branches, and at our head office.

In March 2014, we created and utilized the Risk Assessment Handbook as a manual for sharing the definition of and approach to risk assessment as well as for encouraging greater action to be taken by each work site.

We also prepared a new practical edition of this handbook in March 2015 in an effort to provide greater support to work sites by providing perspectives that can contribute to a higher level of risk assessment.

Increasing Safety Awareness and Implementing Think-and-Act Initiatives with the Highest Priority on Human Life

We are carrying out think-and-act initiatives that focus on remembering the Fukuchiyama Line accident in an effort to heighten employees' awareness toward safety. Through these efforts, we are working hard to ensure all employees never forget the tragedy of accidents and importance of life, while carrying out accident prevention initiatives as part of their daily work. To realize the Safety Charter, we are working closely with the police, fire departments, and community members to conduct training exercises based on various scenarios, including the regular comprehensive railway accident training and tsunami evacuation guidance training.

In conjunction with this training, "Think-and-Act Training" is also implemented. This training incorporates the same elements as found in crew resource management (CRM) carried out by the airline industry in order for train crew members to be able to accurately assess the situation, think flexibly, and take the most suitable action for the prioritization of human life when faced with an earthquake or other large-scale disaster or an emergency such as a fire on a train.



Training at the Railway Safety Education Center



Comprehensive railway accident drill held with the police and fire department

Investment in Safety

Railway systems are operated using various equipment and facilities. In order to properly maintain these and improve safety, we invest in equipment and facilities that are specifically for safety and disaster prevention. In the Safety Think-and-Act Plan, we embarked on work to sustain and enhance the functions of existing facilities, and to realize higher levels of safety in our operations. We plan to invest a total of approximately ¥480 billion in safety measures over the five years of the plan. In fiscal 2014, the first year of the plan, we invested ¥89.3 billion in safety, and in fiscal 2015, the second year, we invested ¥90.2 billion.

Safety measures at level crossings



In addition to omni-directionally visible level crossing warning lights, we have also installed obstacle detection systems that can inform a train driver about a vehicle or other obstacle stuck inside a level crossing as well as an emergency button for informing the train driver of a dangerous situation at a level crossing.

Meanwhile, we are also installing crossbars that do not fracture and easily return to their original shape, to make it easy for a vehicle caught inside a level crossing to push the crossbar out of the way to exit the crossing.

Safety measures on platforms



We have installed emergency buttons and fall detection mats on station platforms that inform train crew and station staff in the event that a passenger falls onto the tracks. In addition, we have installed raised striped and dotted tiles, known as Braille blocks, for the visually impaired and have painted the edge of platforms red to increase visibility. We have also installed blinking red lights to notify passengers that a train is approaching. At the same time, we continue to install platform gates to prevent customers from falling onto the tracks or contacting arriving or departing trains.

Initiatives to Improve Safety on Platforms

Researching the behavioral patterns of inebriated passengers on the platform

Based on the fact that inebriated passengers account for a large proportion of falls from platforms, we analyzed actual incidents where inebriated passengers either fell onto the tracks or contacted an arriving or departing train. The results of this analysis found that some 60% of the incidents involving falls onto the tracks by an inebriated passenger occurred because they walked from the middle of the platform, where benches are placed, directly toward the tracks.

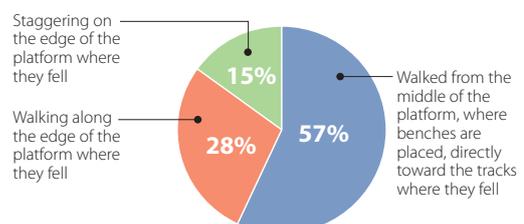
Inebriated passengers were also found to fall onto the tracks after a series of precursor behaviors. In particular, a considerable number of incidents involved the inebriated passenger standing up from a bench and walking immediately forward toward the tracks where they fell.

To prevent such falls involving inebriated passengers, we have repositioned the direction that benches face at some stations. Research results have also been made known to station staff and train crews to ensure that they can help to effectively and efficiently prevent inebriated passengers from being hit by a train or falling onto the tracks.



At some stations we have repositioned benches to face away from tracks in order to prevent falls

• Falls from platforms involving inebriated passengers



Customer Satisfaction

Value provided to society

- Services that assure our customers of safety and reliability including a railway with high transport quality
- Comfortable and convenient services that perceive customer expectations and respond to diverse needs

Basic Approach

As the operator of a business with strong public service characteristics, the JR-West Group deepens communication with customers supported by the CS Vision and CS Think-and-Act Declaration, based on the confidence placed in us by our customers and society. Through this and by continuing the practice of customer-oriented management, we enhance the value we provide with the hope that we are developing customers into “fans of JR-West.”

Specifically, it is critical that we grasp our customers’ needs and expectations, and steadily reflect this information in safety and services based on social trends. Increasing transport quality is an issue of particularly great importance. By implementing meticulous, stable transport measures and enhancing our ability to provide information from the customer’s perspective, we will continue working so that our

customers can use our services with peace of mind and reliability. Furthermore, in addition to responding to customer voices swiftly and with sincerity and promoting the enhancement and improvement of services, we will broadly communicate our initiatives to obtain society’s understanding of JR-West.

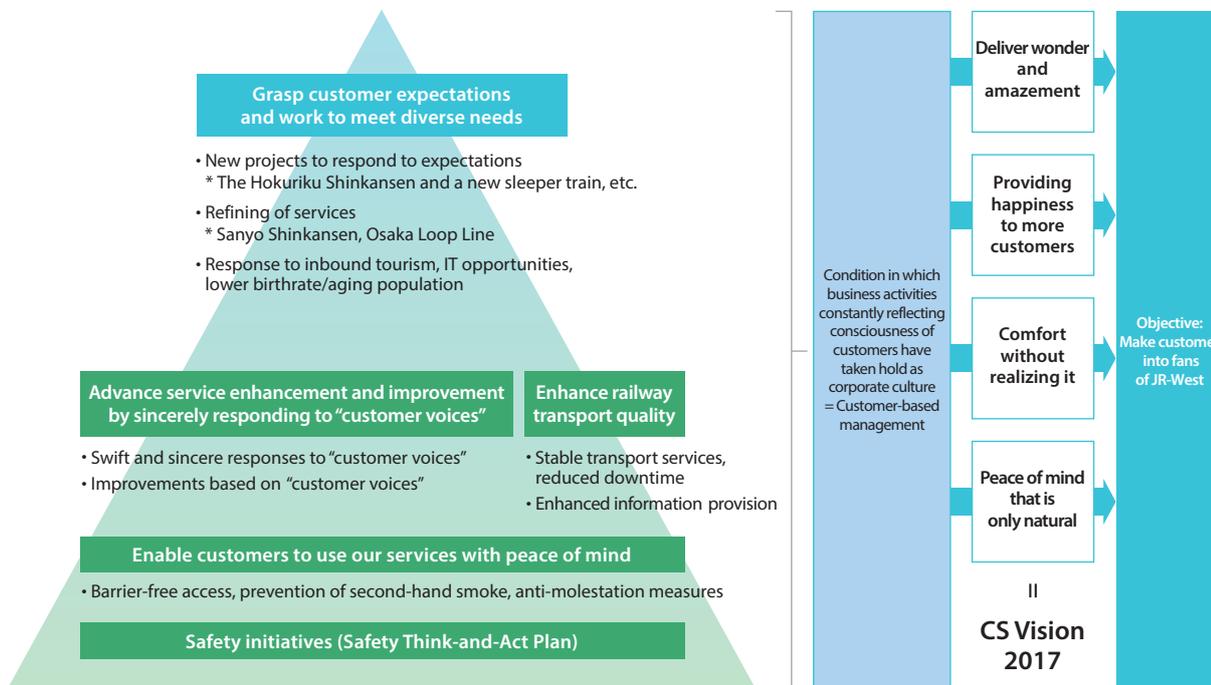
In order that even more customers become “fans of JR-West,” we will embed such initiatives in the corporate culture and aim to achieve customer-oriented management.

Taking on Board Customer Voices to Promote the Enhancement and Improvement of Services

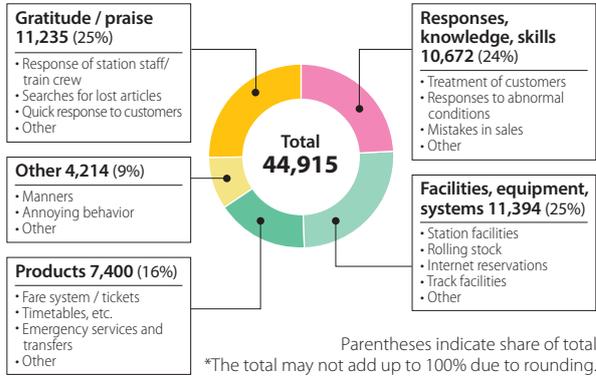
We take customer voices seriously and respond.

Customer voices, which include opinions, requests, gratitude and praise, are solicited directly by station staff and train crew as well as obtained from customer suggestion boxes set up at major stations. Additionally, the JR-West Customer Center responds to telephone calls and email inquiries and other contacts from customers. We strive to address each individual customer voice in detail and make efforts to reduce the time it takes to provide responses. Moreover, we utilize such methods as adding all customer voices to our database to assess trends in requests as well as identifying issues that need to be resolved to promote measures from the customer’s point of view.

Aims of the JR-West Group’s CS Initiatives (Medium-Term Management Plan)



Customer Voices in Fiscal 2015



Improved internal carriage door signage from 2014

We added English language signage in response to customer feedback wanting signage to be more easily understood by customers from abroad



Perceiving Customer Expectations and Responding to Diverse Needs

We use surveys and customer voices to identify changes in society and reflect these in specific measures.

Providing comfortable facilities to customers

JR-West is working to beautify and renovate restrooms and make facilities at stations accessible to all (barrier free) in response to the needs of all customers who use them. In fiscal 2015, we renovated restrooms along the Osaka Loop Line and other lines.

Enhancing information provided to customers

We are expanding free Wi-Fi services in response to the rising number of inbound visitors and the greater use of IT. In fiscal 2015, we began providing information on train operations in different languages via our website in an effort to enhance user convenience for inbound visitors.



December 2014
Began free Wi-Fi onboard the Haruka Limited Express in response to requests from inbound visitors



March 2015
Launched free Wi-Fi services that do not require password authentication at Kansai Airport Station

Building a Railway with High Transportation Quality

We are working to improve on-time performance and enhance information when there are service disruptions.

Preventing schedule disruptions and quickly restoring services

In addition to preventing schedule disruptions through maintenance and inspection of rolling stock and facilities, we have updated our train operation control system and set up new facilities for turn back operations throughout our service area in order to ensure services are quickly restored in the event disruptions do occur. Near Higashi-Kishiwada Station on the Hanwa Line, we have started a project to elevate the tracks in order to improve safety, alleviate traffic congestion, and invigorate exchange around the station. In fiscal 2015, we first completed elevation of the tracks bound for Wakayama and we are now continuing with construction work on the other set of tracks bound for Tennoji.

Speeding up announcements to customers

We are using IT to speed up announcements given to customers during service disruptions. This involves the distribution of tablet devices to station staff and train crew and the start of posting train operation information on our website.

An operating status information app utilizing push notifications that deliver train operating information to customers' devices whenever a delay or other issue occurs on the line they have preregistered launched in July 2015.



February 2015
Services commenced first on the Wakayama-bound elevated platform and tracks at Higashi-Kishiwada Station on the Hanwa Line



Operating status information app utilizing push notifications that deliver train operating information

Coexistence with Communities

Value provided to society

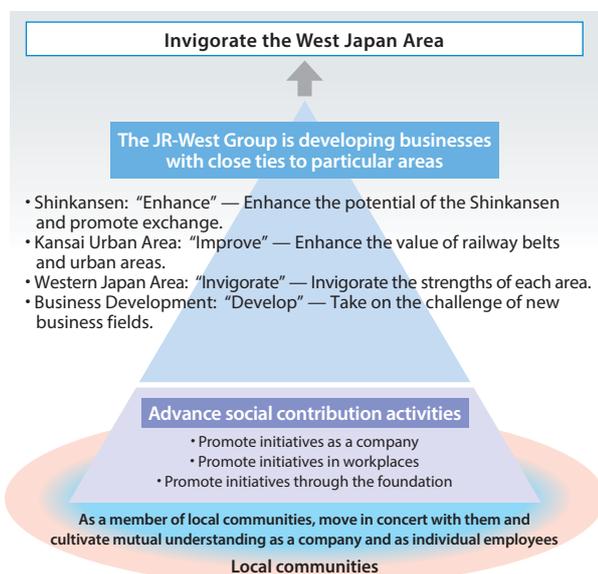
- Development along railway lines that creates attractive communities to live and visit
- Tourism promotion with local partners that leverages the strengths of railways
- Working with local partners to invigorate communities through business development tailored to each area

Basic Approach

While the business risk brought by Japan's declining population has become clearer than ever before, movements throughout Japan aimed at regional revitalization are accelerating, with positive outcomes from specific initiatives beginning to emerge. Given this situation, the JR-West Group remains steadfast in its commitment to build win-win relationships with local partners and work together with them toward the goal of invigoration. For the JR-West Group, which has railway operations as the core of its business, such efforts represent the key to its sustainable growth. That is why we emphasize being a "railway company that coexists with communities" under "Our Future Direction — The Ideal Form for JR-West" in the "JR West Group Medium-Term Management Plan 2017," which we are currently implementing.

Specifically, we believe it important to maintain dialog with local residents and establish human networks between residents and the Group in each area to achieve a common understanding of local issues and demands, and cooperate in exploring an ideal form for communities. We furthermore aim to realize area management for long-term, sustainable growth through building a win-win relationship with each community by strengthening cooperation with local governments and businesses, regarding development of stations and surroundings, tourism promotion, local transportation, and business development grounded in the area.

Coexistence with Communities—Overview



In the area of social contribution activities, the Group is continuing to engage in exchanges with the region on an operational level. At the same time, we hope to engage in initiatives that contribute to the resolution of local issues through leveraging the strengths of the JR-West Group.

Kansai Urban Area

— Enhance the value of our railway belts and urban areas.

JR-West is working to create railway belts that are attractive to live near, visit, and travel in through development projects taking place mainly along its rail lines.

Enhancing the value of railway belts through station improvements and enhancement of lifestyle-related services

To enhance the value of railway belts while leveraging the unique characteristics of each area, we are working on integrated community development and redevelopment projects involving stations and the surrounding communities. We are also working to augment and improve lifestyle-related services so that stations can serve as the hub of each community.



March 2015
Renewal of Ibaraki Station commenced in conjunction with the development project for the Ibaraki Station east exit implemented by Ibaraki City on the opening of a new campus by Ritsumeikan University

Promoting collaborative efforts with local governments, businesses and schools

JR-West has worked alongside local governments, businesses and schools to enhance the value of railway belts through leveraging the characteristics of each area to create vibrancy and vigor in the community.

- Project with local partners (Kyoto Umekoji Redevelopment Association) to make the Kyoto Umekoji area accessible to everyone

JR-West has organized an initiative together with the Kyoto City Government as well as businesses and organizations in the area to invigorate and make lasting improvements to the ease of getting around in the area from Kyoto Station to Umekoji Park in advance of the opening of the Kyoto Railway Museum in the spring of 2016.



Landmarks will be set up and banners and flags will be posted to promote a more enjoyable and safer walking experience

• **Kyoto Railway Museum (opening spring 2016)**

The basic concept of the museum is to serve as a hub of railway culture together with the local community so that JR-West can give back to the local economy and culture and also contribute to the revitalization of the community through the operation of this museum.



launched in the spring of 2016. This team is working with local community members to find traditional tourism resources in the area as yet unknown by the rest of Japan, such as scenery, arts and crafts, local cuisine and locally crafted alcohol. Those selected through a screening process will be promoted in various ways, either through pop up shops set up inside stations, introductions on large screens at stations, or by being incorporated into hotel restaurant menus. The goal is to increase visibility and create new tourism destinations while also expanding the sales channels of local products to help invigorate the community.



Kibinokuni task force team with bear mascot



Pop-up shop and large display inside Okayama station ticket gates

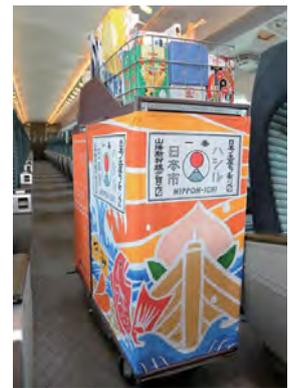
Western Japan Area
— **Develop businesses that leverage the attractions of each area.**

JR-West is working with local governments and businesses to develop projects that capitalize on the appeal of each area.

At the same time, we are also working on initiatives providing next generation solutions based on a sharing of the current situation surrounding regional transportation and future vision together with community members.

Finding and sharing new local products in the Western Japan area

Leveraging its strengths, JR-West continues to search for and share appealing local products made in the Western Japan area.



May 2015
Launched an in-train sales service selling local specialty products on Sanyo Shinkansen services

Improving the hub function of major stations and improving access to urban areas

In the Hiroshima urban area, we are working to enhance our city network and improve the hub function of Hiroshima Station and its surroundings by transitioning to an over-track station and the opening of Shin-Hakushima Station.



March 2015
Shin-Hakushima Station opened, offering direct connections between the Sanyo Main Line and the Astram Line

Further Enhancing Social Contribution Activities

JR-West continues to engage in activities focused on domains closely linked with its railway and other business operations.

Tourism promotion with local partners that leverages the strengths of railways

JR-West is working to promote tourism through the development of tourism resources and routes in partnership with local partners as well as Destination Campaigns (travel campaigns).

Promoting initiatives that contribute to local communities

As a company closely engrained in the local community, JR-West carries out grassroots activities such as community events and safety classes. We also focus efforts on contributing to solutions to issues faced by the community by utilizing the strengths of the JR-West Group.

• **Working with local partners to find and share attractions in the Okayama area**

JR-West has set up a special task force team to identify hidden tourism resources in the community in order to leverage the collective strengths of the JR-West Group in the Okayama area prior to the Okayama Destination Campaign set to be



May 2015
Organized a folk arts festival to support the future of traditional culture



January 2015
Safe crossing class held at Ashiya kids' room

Human Resources/Motivation

Value provided to society

Greater customer peace of mind and reliability through human resources development and improved employee motivation

(Human resources development) Initiatives aimed at individual employee growth - individual vitality

(Job satisfaction) Creating workplaces that are rewarding and vibrant - organizational vitality

(Human resources acquisition) Ensuring the required human resources for business operations

Basic Approach

JR-West requires individual employees to “think-and-act,” which means independent thinking and acting.

In order to develop human resources with the ability to “think-and-act,” we believe that it is important to provide support for growth tailored to the individual aptitudes of employees. In addition to supervisors motivating individual employees to acquire and improve the knowledge, technology, skills, leadership, and management capabilities needed for accomplishing their work, we provide support for employee growth through the establishment of a range of training according to themes and level of proficiency in conjunction with daily on-the-job training (OJT).

We also make efforts to create workplaces that provide job satisfaction so that each employee can fully demonstrate their ability to “think-and-act.” Through repeated active communication based on empathy between supervisors and subordinates and among colleagues, we share goals in the workplace, increase teamwork and motivation, and actively implement measures based on the insights and proposals of employees (“thinking and acting based on the field”). We achieve goals and resolve issues as an organization through an accumulation of this kind of “thinking-and-acting.” In addition, active participation and “thinking-and-acting” by diverse employees irrespective of age, gender and other characteristics—including senior employees, female employees, employees with disabilities, employees who are juggling work with parenting or nursing—are essential for the growth of the JR-West Group. In addition to striving to enhance work-life balance, both in terms of programs such as reduced working hours and in terms of creating a workplace atmosphere that is conducive to the utilization of the programs, we also offer support for improving physical and mental health.

Human resources sustain the business operations of the JR-West Group. We believe that the demonstration of each employee’s abilities to the fullest forms the driving force behind the improvement of safety and customer satisfaction, leading to trust from customers and eventually an increase in corporate value. We will continue striving to develop human resources and improve job satisfaction in the future.

(Human Resources Development) Initiatives Aimed at Individual Employee Growth - Individual Vitality

JR-West is working to enhance practical ability and improve

motivation at the individual employee level in an effort to achieve safety and peace of mind in daily railway operations and raise customer satisfaction (CS).

PDCA cycle for training based on understanding the individual

We assess each individual based on practical ability standards for the work-related skills and abilities necessary for every position and level, while visualizing the current situation of every employee. Training programs are decided based on this, with on-the-job training and group training tailored to the needs of the individual employee. This is part of the process for promoting a PDCA cycle for HR training in which the results of the training are reviewed and the individual is motivated to achieve the next target, we work to effectively improve the practical abilities of employees. In fiscal 2015, we organized the status and issues of each branch of operations and worked to enhance the PDCA cycle implemented for human resource development.

As we approach the retirement of a large number of experienced employees, the way in which to pass on the techniques and skills that underpin safety and CS is becoming an urgent matter. Accordingly, we are facilitating the transfer of techniques and skills from experienced employees to younger ones, in addition to rehiring retired employees.



Further developing and utilizing motivated employees

The basis for improving practical abilities can be found in continual efforts and innovation in daily work based on individual targets established by individual employees. Meanwhile, technology and expertise are continually improved through collaborative practical work with colleagues carried out based on the instructions or advice of supervisors and senior colleagues.

JR-West has myriad training programs intended to complement this type of on-the-job training. In addition to rank-based training that includes new employee orientation, we offer training based on occupational ability, where participants learn specialized knowledge, technologies and techniques, and selective training that aims to develop the future leaders of the company.

Additionally, we have an open “post-recruitment” system intended to develop highly motivated employees with a challenging spirit and ensure the right employees are placed in the right job assignment. In fiscal 2016, employees used the open post-recruitment system to apply for positions in rolling stock design and for the preparation of the opening of the Kyoto Railway Museum.



New employee orientation



Training based on occupational ability



Selective training

We hold training for younger employees through open recruitment so that they can improve their own practical abilities and gain leadership abilities.

(Human Resources Acquisition) Ensuring the Required Human Resources for Business Operations

JR-West is working to acquire human resources stability through diversity in hiring.

Securing human resources with a sense of mission and challenging spirit

To secure the needed human resources in the face of a changing employment environment, JR-West targets new graduates as well as contract workers, mid-career hires, and the re-hiring of employees that reached the age of mandatory retirement. In fiscal 2016, we reached our goals for human resource hiring thanks to the expanded use of our corporate website to recruit workers. At the same time, we are working on labor-saving approaches to railway operations given the anticipated decline in the labor population going forward.

• Hiring in fiscal 2016

| | |
|----------------------|-------------------|
| New graduates | 581 (135 females) |
| Contract workers | 174 (56 females) |
| Mid-career | 84 (7 females) |
| Senior re-employment | 428 (1 female) |

As of June 2015, 2.46% of JR-West's workforce includes people with disabilities, which exceeds the mandatory statutory percentage.

Women in the workplace

At JR-West, we believe in appointing the most suitable person for the job. This also applies to the promotion of women to executive and management positions.

The board of directors at JR-West comprises 14 members, which includes one woman. In June 2015, JR-West appointed its first-ever female executive officer. As for women in managerial positions, as of July 1, 2015, there are 43 female managers Group-wide, including one female holding the position equivalent to general manager (Group

company president), which represents 3% of all managers and a 126% increase compared to fiscal 2006.

Since restrictions on women working late at night were abolished in a revision of the Labor Standards Act in 1999, we have prepared the necessary facilities and furthered the expansion of positions in which women can be active. Having continued to actively appoint women, the number of female employees stationed across all workplaces is 3,250 (approximately 10% of the total workforce) current as of this fiscal year.

(Job Satisfaction) Creating Workplaces that are Rewarding and Vibrant - Organizational Vitality

JR-West is working to harness the dynamism and contributions of each employee for positive organization-wide outcomes.

Supporting the development of workplaces that ensure positive mental and physical health

Based on the belief that corporate value is enhanced through a diverse workforce that includes both genders, as well as parents and caregivers, we are actively promoting work-life balance initiatives in terms of both systems to support employees in their professional and personal lives and the creation of workplace environments that make accessing these systems easier. For example, in fiscal 2015, some 640 employees, including 80 men, took childcare leave and nearly all of these employees returned to work after their leave was over, which shows that many employees take advantage of these systems. Furthermore, we have formulated and are implementing a plan of action based on the Act on Advancement of Measures to Support Raising Next-Generation Children and have been awarded the third "Kurumin mark" certification by the Ministry of Health, Labour and Welfare as a company complying with its standards.



The Kurumin mark

• Work-life balance support book

This book, which is given to all employees, contains information about the company's childcare and nursing care leave systems as well as a compilation of employee stories about their experiences using such leave, in order to encourage greater work-life balance and support employees in their career development.



Global Environment

Value provided to society

- Energy efficient and resource-saving railway
- Avoiding environmental risks
- Co-existence with communities and nature

We are adopting energy-saving railcars and facilities, promoting technological development, as well as implementing a variety of energy conservation initiatives at stations and in offices and promoting energy-saving train driving.

In addition, we are working toward building a sustainable society by collaborating with communities and other public transportation institutions, increasing the convenience and appeal of railways and promoting initiatives to attract a larger number of passengers to select rail as their choice for transportation. In conjunction with these efforts, we are putting increased effort toward having each and every employee reduce environmental impacts in his or her everyday business activities, while avoiding environmental risks with due regard for legal compliance.

Basic Approach

Initiatives for protecting the global environment are an important social responsibility that corporations are called upon to fulfill. Based on this recognition, in order to further elevate the environmental advantage that railways possess (lower CO₂ emissions per unit of transport volume), we have established environmental targets in the JR-West Group Medium-Term Management Plan 2017.

[Basic Concepts]

JR-West, working in unison with its Group companies, will endeavor to protect the global environment and contribute to the realization of a society in which sustainable development is possible.

[Code of Conduct]

- 1 Aiming to be a corporate group that is friendly to the global environment, we will engage in appropriate and effective resource usage.
- 2 We will develop technologies and engage in creative innovation to protect the global environment.
- 3 We will act with a constant awareness of the need to protect the global environment.



Environment Targets

| Item | Fiscal 2015 Target | Fiscal 2015 Actual | Fiscal 2016 Target | Fiscal 2018 Target |
|--|-----------------------|--------------------|--------------------|----------------------|
| Energy consumption volume (entire company) (vs. fiscal 2011) | (3%) | (2%) | (2%) | (2%)* ^{2,3} |
| Same as above (for conventional line operation, station offices, etc.) (vs. fiscal 2011) | (5%) | (6%) | (8%) | (9%)* ² |
| Energy-saving rolling stock as a percentage of total rolling stock | 79% | 79% | 81% | 83% |
| Energy consumption rate (vs. fiscal 2011)* ¹ | (3%) | (3%) | (3%) | (3%)* ^{2,3} |
| Recycling rate of recyclable garbage from stations and trains | 96% or greater | 98% | 96% or greater | |
| Railway material recycling rate | Facility construction | 96% or greater | 96% or greater | |
| | Rolling stock | 91% or greater | 91% or greater | |

*1 The energy consumption rate is the amount of energy consumed per rolling stock-kilometer (MJ / Rolling stock-km).

*2 Included in the Medium-Term Management Plan

*3 The fiscal 2018 target considers the estimated increase in energy consumption related to the start of Hokuriku Shinkansen operations.

Note: figures in brackets () are negative values.

Energy-Saving Initiatives for Preventing Global Warming

We are working to reduce the energy consumption of rolling stock and stations to become a more environmentally friendly railway.

Reducing energy consumption

To reduce the amount of energy used to operate trains, which accounts for 85% of the energy JR-West consumes, we are moving forward with the adoption of more energy efficient rolling stock. At the end of fiscal 2015, energy efficient rolling stock accounted for 79% of our rail fleet and plans call for further additions in urban areas, where the energy saving effect is rather large. We are also making efforts to operate trains with less energy, such as shortening acceleration and lengthening coasting.

Energy consumed at stations accounts for 14% of the total, so in addition to diligently cutting back on electricity usage, we have created Eco Station Design Guidelines to further reduce energy usage by segmenting power circuits and updating lighting as well as air conditioning equipment. We have also adopted nature-friendly designs at some new stations and remodeled stations, which utilize sunlight, wind or rainwater.



March 2015
Introduced 227 series rolling stock at the Hiroshima Branch, which is more energy efficient than the 115 series



February 2015
The new condominium J. GRAN L IBARAKI constructed by JR West Real Estate & Development Company was recognized with a five-star rating (the highest possible) under the Ministry of Economy, Trade and Industry's smart condominium evaluation program

Rolling out Eco Stations

We have established Eco Station Design Guidelines and are working to realize environmentally conscious stations by adopting energy-saving devices, and utilizing natural illumination and rain water in newly built and renovated stations.

We are aiming for new levels of energy-saving stations,



Maya Station (provisional name)

as exemplified by Maya Station (provisional name), which is set to open in the spring of 2016 and will be equipped with a direct current electric power converter able to utilize regenerative electric power* at the station.

* Regenerative electric power: Electric power generated using motors that are driven when trains apply their brakes.

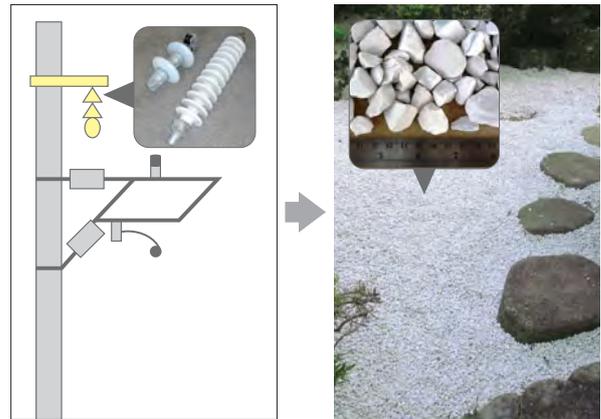
Contributions to Building a Recycling-Oriented Society (Saving Resources)

We are striving to reduce and reuse garbage from stations, garbage on board trains, and construction waste.

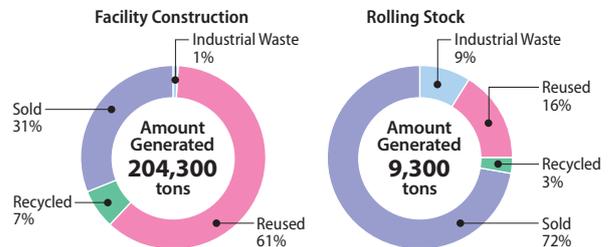
Initiatives to reduce waste from railways

With the helpful cooperation of passengers, we are separating and recycling garbage collected in stations and on board trains. In addition, we are working toward implementing the 3Rs (reduce, reuse, recycle) with regard to railway materials such as rolling stock, rails, crossties, and ballast. In fiscal 2015, we reduced waste from facility construction by 99% and waste from rolling stock by 91%.

• Construction waste is recycled into landscaping stones



• Status of 3Rs for Railway Material (Fiscal 2015)



• Recycling rate of recyclable garbage from stations and trains (Fiscal 2015)

