

# 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. We will provide value to our stakeholders, including sustained expansion of shareholder value, in order to create “a safe and comfortable society filled with meetings among people and smiles.”

## Overview of the Corporate Governance System

As a Company with Audit & Supervisory Board Members under the Companies Act, the Company ensures transparency and fairness of management through appropriate audits conducted by Audit & Supervisory Board Members regarding the execution of duties by directors.

### Board of Directors

The Board of Directors receives advice on important management matters from five external directors based on their extensive experience and specialized knowledge, while conducting timely and appropriate decision-making, and performing effective supervision and monitoring.

### Management Committee

As a general rule, the Management Committee meets once a week to discuss fundamental management matters in an effort to accelerate decision-making and business execution.

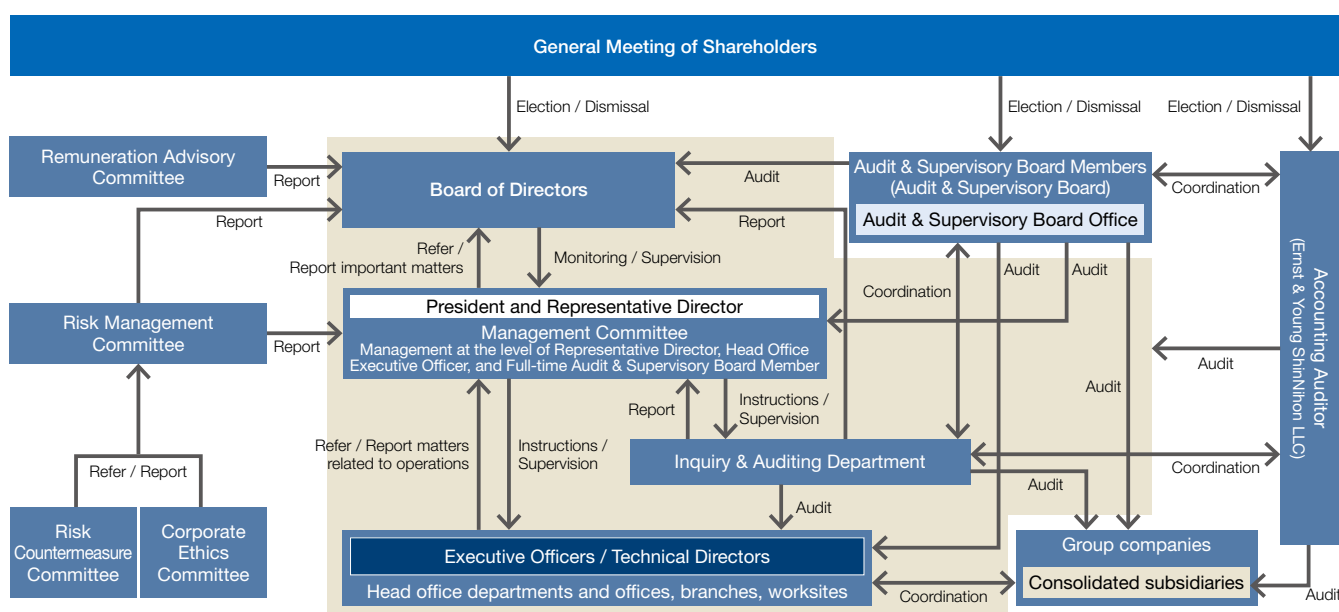
### Audit & Supervisory Board

Audit & Supervisory Board Members attend important meetings, including meetings of the Board of Directors,

perform on-site audits at branch offices and departments, monitor execution of duties of the Board of Directors, and provide advice and recommendations based on the audit policies and plans formulated by the Audit & Supervisory Board.

In addition, in compliance with the Corporate Governance Code, which came into force in June 2015, the Company discloses its basic views and status of initiatives concerning corporate governance. To enhance corporate value, we promote initiatives in the spirit of the code, such as enhancing the effectiveness of the Board of Directors and disclosing information in an appropriate and timely manner. Furthermore, in order to establish a risk management style able to manage and reduce risks in an integrated way, we have established a Risk Management Committee to strengthen our risk management system.

Moving forward, we continue to work to improve our effectiveness based on operational circumstances, and strive to create an optimal system in response to changes in the business environment surrounding the Company.



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.

## Efforts to improve the evaluation and effectiveness of the Board of Directors

The Board of Directors fulfills its obligations in terms of establishing an environment that supports appropriate risk taking by management and offering highly effective monitoring and supervision. Accordingly, the Board has been evaluated as functioning effectively. The Company is engaged in various efforts to maintain and improve this effectiveness going forward.

### Specific Efforts to Improve Effectiveness of the Board of Directors

<b>1 Development of communication system for external directors</b>
① Explanation of important management matters, etc. Establish opportunities to explain matters to external directors in addition to explanations given prior to Board meetings
② Provision of information regarding actual business conditions and background for measures taken, etc. On-site visits to stations, command centers and other relevant areas, as well as opinion exchanges with employees
③ Holding liaison meetings with external directors as the main constituents Meetings to discuss global and social trends that may be relevant in future affairs handled by the Board of Directors as well as other topics related to management
④ Any other necessary explanations regarding important questions or items Provides additional explanations for points and questions brought up at Board of Directors' meetings.
<b>2 Sharing content of discussions from meetings of the Board of Directors</b>
The content of discussions and points brought up at meetings of the Board of Directors are communicated and shared at meetings of the Management Committee, and subsequently utilized to draft and promote initiatives.
<b>3 Conducting interviews with directors</b>
We conduct interviews concerning the management of the Board of Directors with all directors on a yearly basis and implement measures necessary for improving and revitalizing effectiveness based on the results.

## Remuneration to Directors and Auditors

We have abolished the director bonus system and consolidated it into monthly remuneration, set at an appropriate level by taking into consideration remuneration of other companies as surveyed by a specialized external agency. In addition, a Remuneration Advisory Committee has been established to raise the objectivity and transparency of remuneration of directors. This committee consists of three or more directors the majority of whom are external directors and deliberates the remuneration etc. of directors from an objective and fair perspective and reports to the Board of Directors.

- Monthly remuneration of directors (excluding external directors) consists of basic remuneration, plus performance compensation determined each fiscal year based on performance in terms of achieving medium-term goals related to safety and management.
- In consideration of their duties, we will not pay performance compensation amounts to external directors and auditors, and will only pay basic remuneration in consideration for the execution of their duties.

### Remuneration of Directors (FY 2018 Results)

Category	Remuneration amount (millions of yen)	Type of remuneration and amount (millions of yen)				Number of eligible officers
		Basic remuneration	Stock options	Bonus	Retirement bonus	
Directors (excluding external directors)	397	397	—	—	—	9
Auditors (excluding external auditors)	31	31	—	—	—	1
External directors and auditors	96	96	—	—	—	8

### Message from an External Director

#### We will enhance the soundness and transparency of management from a third-party perspective

Further strengthening of corporate governance is required as the degree of complexity and sophistication of social responsibilities expected of corporations continues to grow. I hope to make use of all of the knowledge I have acquired concerning university management and information and communications technology to ensure the soundness and transparency of management from the third-party perspective that is expected of an external director, and in doing so, to acquire the peace of mind and trust of stakeholders.

If the goal is to create new corporate value in order to realize an ideal future society, it is indispensable to enhance governance, and I believe that the Board of Directors should take an aggressive stance to do so. Through frank and vigorous discussions with the executing side, we will strive to improve both long-term sustainable growth and corporate value of the Group.



Hideo Miyahara

## Corporate Governance

### Board of Directors and Audit & Supervisory Board Members

As of June 21, 2018

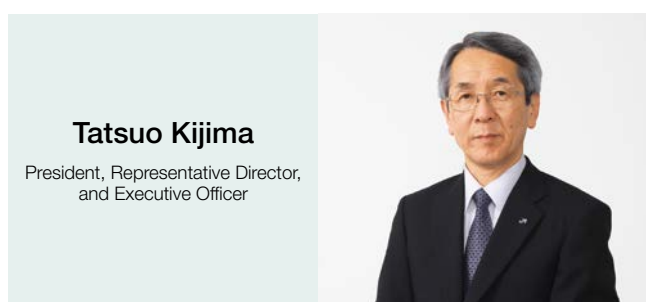
#### Method for Appointing Directors and Others

Directors and others are appointed by the procedure prescribed in the Companies Act and based on the selection criteria stipulated, which includes high ethical standards, personality, and management capabilities.

With the aim of building up a management system to respond to change in the business environment in the

future, more clearly defining management responsibilities and further strengthening corporate governance by increasing the opportunities to gain shareholder confidence, the Company desires to shorten the term of office of Directors from the current two years to one year.

#### Board of Directors



#### Directors

<b>Yumiko Sato</b> <sup>*1</sup>	Professor, Faculty of Regional Development Studies, Otomon Gakuin University
<b>Yuzo Murayama</b> <sup>*1</sup>	Professor, Doshisha University Graduate School of Business
<b>Norihiko Saito</b> <sup>*1</sup>	Senior Adviser, KINDEN CORPORATION
<b>Hideo Miyahara</b> <sup>*1</sup>	Visiting Professor, Graduate School of Information Science and Technology, Osaka University
<b>Hikaru Takagi</b> <sup>*1</sup>	Professor, Graduate School of Law, Kyoto University

#### Directors and Senior Executive Officers

<b>Shinichi Handa</b>	
<b>Shoji Kurasaka</b>	
<b>Keijiro Nakamura</b>	
<b>Toshihiro Matsuoka</b>	

#### Audit & Supervisory Board Members

<b>Mikiya Chishiro</b> <sup>*2, 3</sup>	
<b>Naoki Nishikawa</b> <sup>*2</sup>	

<b>Yasumi Katsuki</b> <sup>*3</sup>	Certified Public Accountant, Katsuki Office
<b>Yoshinobu Tsutsui</b> <sup>*3</sup>	Chairman and Representative Director, Nippon Life Insurance Company

<sup>\*1</sup> External Director  
<sup>\*2</sup> Full-Time Auditor  
<sup>\*3</sup> External Auditor

## Executive Officers

As of June 21, 2018

### President, Representative Director, and Executive Officer

<b>Tatsuo Kijima</b>	
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### Vice Presidents, Representative Directors, and Executive Officers

<b>Fumito Ogata</b>	Senior General Manager of Railway Operations Headquarters
<b>Kazuaki Hasegawa</b>	Senior General Manager of Business Development Headquarters
<b>Nobutoshi Nikaido</b>	Senior General Manager of Tokyo Headquarters
<b>Yoshihisa Hirano</b>	Senior General Manager of Shinkansen Operations Division, Railway Operations Headquarters

### Directors and Senior Executive Officers

<b>Shinichi Handa</b>	Deputy Senior General Manager of Railway Operations Headquarters / General Manager of Transport Safety Department, Railway Operations Headquarters
<b>Shoji Kurasaka</b>	Senior General Manager of Supporting Headquarters for the victims of the derailment accident on the Fukuchiyama Line / General Manager of Deliberation Department of the Derailment Accident on the Fukuchiyama Line / General Manager of General Affairs Department
<b>Keijiro Nakamura</b>	Senior General Manager of Kansai Urban Area Regional Head Office
<b>Toshihiro Matsuoka</b>	Deputy Senior General Manager of Railway Operations Headquarters / Deputy Senior General Manager of Shinkansen Operations Division, Railway Operations Headquarters

### Senior Executive Officer

<b>Atsushi Sugioka</b>	Senior General Manager of Corporate Planning Headquarters / Senior General Manager of IT Headquarters
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### Executive Officers

<b>Kuniaki Morikawa</b>	Deputy Senior General Manager of Shinkansen Operations Division, Railway Operations Headquarters
<b>Masafumi Ise</b>	Deputy Senior General Manager of Corporate Planning Headquarters
<b>Tadashi Kawai</b>	Deputy Senior General Manager of Kansai Urban Area Regional Head Office / General Manager of Osaka Branch, Kansai Urban Area Regional Head Office
<b>Hiroaki Maeda</b>	General Manager of Kanazawa Branch
<b>Yutaka Nakanishi</b>	General Manager of Personnel Department
<b>Koichi Haruna</b>	Deputy Senior General Manager of Business Development Headquarters

<b>Makiko Tada</b>	Deputy Senior General Manager of Kansai Urban Area Regional Head Office / General Manager of Kobe Branch, Kansai Urban Area Regional Head Office
<b>Nobuo Hashimoto</b>	Deputy Senior General Manager of Business Development Headquarters
<b>Hideki Mizuguchi</b>	Deputy Senior General Manager of Supporting Headquarters for the Victims of the Derailment Accident on the Fukuchiyama Line
<b>Hiroshi Muro</b>	Senior General Manager of Marketing Department, Railway Operations Headquarters
<b>Yasuyuki Mito</b>	General Manager of Transport Department, Railway Operations Headquarters
<b>Yoshihiko Ito</b>	General Manager of Wakayama Branch
<b>Makoto Kitano</b>	General Manager of Hiroshima Branch
<b>Koichi Taji</b>	Deputy Senior General Manager of IT Headquarters
<b>Eiji Tsubone</b>	General Manager of Railway System Planning Department, Railway Operations Headquarters
<b>Masatoshi Miwa</b>	Deputy Senior General Manager of Kansai Urban Area Regional Head Office / General Manager of Kyoto Branch, Kansai Urban Area Regional Head Office
<b>Takashi Hinata</b>	General Manager of Construction Department
<b>Masanobu Hirano</b>	Deputy Senior General Manager of Kansai Urban Area Regional Head Office / General Manager of Osaka General Control Center, Kansai Urban Area Regional Head Office
<b>Nobuhiko Takeichi</b>	Deputy Senior General Manager of Tokyo Headquarters
<b>Yasuo Umetani</b>	General Manager of Yonago Branch / Senior General Manager of Sanin Regional Development Headquarters, Yonago Branch
<b>Tatsuya Tanaka</b>	General Manager of Fukuchiyama Branch
<b>Yoshito Fujiwara</b>	General Manager of Finance Department
<b>Yasuhiro Arita</b>	General Manager of Okayama Branch
<b>Jun Fukushima</b>	General Manager of Corporate Communications Department
<b>Takahiro Mitsuno</b>	General Manager of Electrical Engineering Department

### Senior Technical Director

<b>Atsushi Kawai</b>	General Manager of Safety Research Institute
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### Technical Director

<b>Yasushi Neki</b>	General Manager of Technical Research & Development Department, Railway Operations Headquarters
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