

Risk management

The value we provide

- Prevention of damage to the company (actual damage, damage to credit, etc.) through the construction of systems for normal (non-emergency) conditions
- Minimization of damage through the enactment of appropriate organizational response in emergencies

Message from the officer responsible

Bringing smiles to stakeholders through management and reduction of risk

The intensification of natural disasters, the rise in terrorism and cyberattack risks, technological innovation, working style reform, the globalization of business – in these and many other ways, the environment around us is changing rapidly and risks are diversifying.



In addition, successive corporate scandals in recent years have led to strong calls for fairness and transparency in corporate activities.

We hope to take on these environmental changes, understand the demands of society, identify surrounding risks, and work to manage and reduce these, so that we can provide customers and communities with a sense of security and confidence, provide our shareholders with continuous shareholder value. We also hope to connect these activities to a feeling of pride in work and in the company among our colleagues.

In the first year of Medium-Term Management Plan 2022, we raised the level of risk management in Group companies to firmly instill risk management in company management across the Group, and undertook topics including emergency first-response

training, education and training for information security from the perspective of organizational management, and prevention of improprieties. While we worked toward the improvement of risk sensitivity through edification and toward risk reduction through the development of relevant mechanisms, there remain many issues to address.

Looking ahead, we'll tackle individual themes including readiness for major earthquakes and other disasters, measures against terrorism, prevention of corporate improprieties, protection of personal information, and improvement of information security level, while using PDCA to enhance the efficacy of risk management in the Group as a whole. Through the accumulation of these, we'll achieve the creation of a management base that will let us keep on providing smiles to all of our stakeholders.

Soichiro Itai

General Manager of Corporate Ethics & Risk Management Department



Initiatives in fiscal 2019

- Preparations for heightened security systems united across the Group in anticipation of the G20 Summit and other large-scale events
- Setting of direction by top management for organizational management initiatives
- Promotion of a risk management system focused on commitment by upper management in Group companies
- Strengthening of initiatives targeting JRW-CSIRT* Group companies

Future issues

- Execution of heightened security when hosting large-scale events in the future
- Consideration by the organization of specific prevention measures for risks envisioned in our Group companies
- Ongoing improvement of risk management systems matched to conditions in Group companies
- Improvement of information security level for the Group overall

* CSIRT: An abbreviation of Computer Security Incident Response Team, a general term for organizations that deal with incidents involving computer security.

Crisis countermeasures

Providing customers with reassurance through heightened security as a unified group during the G20 Osaka Summit

To prevent incidents of terrorism and ensure the safety of customers, our Group companies implemented heightened security in conjunction with railway facilities and commercial facilities operated by the Group.

We conducted advance education and training for employees, not only to improve practical capabilities but also to enable each employee to engage in heightened security with a high sensitivity toward terrorism, thereby achieving safety for customers. I think that undertaking advance guidance for customers and requests for their cooperation together with other railway operators smoothly facilitated understanding and cooperation regarding the heightened security.

Drawing on the experience gained from this, we will investigate even more effective methods as the Tokyo Olympic and Paralympic Games and Expo 2025 approach.

To achieve our paramount aim of preventing terrorism and securing the safety of customers, we took measures including placing a maximum level of staff on patrols within stations, blocking off waste bins and coin lockers, and placing security staff in trains, with a focus on conventional lines in the Kansai Urban Area and on the Sanyo and Hokuriku Shinkansen lines.

We also cooperated with 11 Kansai area railway operator companies and bureaus to jointly produce posters informing customers about the waste bins and coin lockers, providing a greater sense of security to customers through this unity among the railway operators.



Notices of blocked-off waste bins and coin lockers, in Japanese, English, Chinese, and Korean

We worked to prevent acts of terrorism through "visible security"



Hiroshi Imazu
General Manager, Security Division
JR West Japan General Building Service Co., Ltd.

As locations where large numbers of people gather, railway facilities present a risk as targets for terrorism attacks. We worked to prevent such acts through "visible security," centered on vigilance by security guards. To carry out heightened security effectively with limited staff, we drafted a detailed security plan and enforced actions such as response to discoveries of suspicious persons or items. Specifically, we reinforced the security staff presence in

trains, enacted a 24-hour patrol structure within station facilities, strengthened patrols of facilities along train lines, and carried out training for employees by Shinkansen on-board security staff under our personnel in charge of instruction and education.

With even greater security demanded for major events including the Tokyo Olympic and Paralympic Games and Expo 2025, we hope to lead crisis management and heightened security as security professionals and as the point organization for safety and security in the JR-West Group as a whole.

We fostered Group-wide unity to achieve heightened security on an unprecedented scale



Kaoru Izumi
Section Manager, Safety Guidance and Standards Section
Shinkansen Transport Safety Department,
Shinkansen Operations Division

We had no experience with an event of this scale, and began investigations with no idea of how to best accommodate it. Paying attention to the balance between railway operation and an effective heightened security structure, we held repeated close discussions with related sections. This time in particular, we urged the advance sharing of information so that the extensive range of Shinkansen-related personnel could act

with understanding of the importance of security, while personally sensing the possibility of incidents occurring in their own workplaces. We also worked to increase response capabilities through training in collaboration with local police, fire stations, and railway operators.

Through the initiatives, each party concerned was able to learn anew the necessity of maintaining safety whatever the circumstances of society, along with the importance of acting with safety first.

Compliance

In September 2009, in the process of the investigation into the Fukushima Line accident by the (then-existing) Aircraft and Railway Accidents Investigation Commission, a severe compliance issue came to light involving efforts by persons including executives of our company to leak information to members of the commission.

The reason that this incident deepened into a significant societal issue was that, according to a third-party report, "JR West had little understanding of the magnitude of the trust and the significance of the confidence placed in the company by society, and the weight of the accompanying responsibility."

In light of this, we deeply regret the fact that our attitude of addressing customers, communities, and society with sincerity as a company has not fully penetrated and that we have tended to let our own internal logic take precedence. We recognize further that our corporate culture holds poor openness and defects in unity, which are evident in excessive command hierarchies and vertical divisions, and in a lack of free and open communication.

Each one of our employees humbly accepts that our company exists under a mandate of confidence earned from society. By striving to improve our corporate ethics, each of us aims to create a company that is trusted by communities and society, and is working to meet those expectations.

Sharing "Three Values" within the Group to prevent corporate improprieties

Under the recognition that we must never commit dishonesty or improprieties that would lead to the loss of trust by society overall, we issued a top-level commitment from our president to the Group overall, putting forth "Three Values" that we share across the Group to prevent improprieties.

1 We will not allow dishonesty or improprieties that directly lead to the loss of trust by stakeholders

This is a fundamental value by which we remain constantly conscious of not allowing dishonesty or improprieties, in the sense not only of preserving the trust placed in us by many people but also in that of not harming the motivation and pride of our colleagues in the workplace.



2 Honest failure to meet targets holds greater value than achieving targets through dishonesty

This is a foundational value, rebuilt atop the unsteady realization that the temptation to act dishonestly may cross our minds as we seek to tackle difficulties. Above all, we have resolved that we will never aim to achieve targets through dishonesty.



3 We will speak up about incongruities in the workplace, never pretending to not notice

It is important to create a climate in which every person can talk to colleagues, consult with superiors, and take action when noticing something unusual in work, rather than pretending to not notice. We will treasure this as a value for sensing and handling dishonest actions and improprieties at an early stage.



Enhancing two-way communication

Conducted reviews of their respective companies, our company's executives and Group company presidents reaffirmed that a climate with the potential to hinder the early sensing of improprieties remains deeply rooted. This was seen in comments such as "individuals' observations are not easily communicated within the company as information (difficulty in speaking up, difficulty in consultation)," and "human relationships have become diluted; pretending to not notice things and a disinterest in matters outside of one's own work are spreading."

It is important that, as a component of management, superiors demonstrate a stance of listening attentively to subordinate employees, and that those employees speak up to management. Through training and opportunities for reviewing employees' own actions, we will call on everyone, whether a superior or subordinate, to personally take action, and will strive to enhance two-way communication.

"Think-and-act" for taking a step forward, born from an understanding of the visions for employees' own workplaces

To address the dilution of communication brought about by an increase in less experienced employees and changes in working styles with the launch of the Hokuriku Shinkansen, the Kanazawa Branch believes as an organization that it is vital to back up every employee and support "think-and-act" for taking a step ahead, as well as offer assistance for employees' growth. We further believe that this will lead to an improvement in the compliance awareness of every individual.

Acting as a forerunner, Kanazawa Station is undertaking initiatives that provide opportunities for employees to discuss roles in their own workplaces, as well as their mission, roles, and standpoints with respect to customers and other workplaces, while considering anew the "think-and-act" by each individual that will achieve their workplaces' visions. This leads to workplaces with greater synergies and unity, where knowledge and improvements can be seen.

We're creating a lively workplace through dialogue

Acting on the resolution by managers to act as a unified pillar in boosting motivation, Kanazawa Station set several opportunities for all managers to consider the mission and the role of the station, as well as their own "think-and-act."



Takano Kurekawa
Deputy Section Manager
Planning Section, Kanazawa Branch

At first, participants took workplace issues to be the fault of others, and mutual understanding appeared difficult. Through continued dialogue, however, participants gradually came to see that all shared the same target vision, and the dialogs became pleasant venues for discussions of each person's next steps. These dialogs have since expanded to regular employees. With everyone sharing their visions for their workplaces and following up through "think-and-act," interactions among responsible parties are increasing, leading to mutual follow-up actions and spontaneous proposals and actions. Even a single bulletin board hanging in the station office, with its concentration of



Initiatives at Kanazawa Station

knowledge and ideas for improvement, conveys a passion for work. Looking ahead, we will continue developing opportunities for dialogue, so that we can create more lively workplaces where each employee feels personal responsibility for problems and does whatever each can.

Information security

Steady improvements in information security awareness and crisis response capabilities in Group companies

Fostering information security awareness

Through JR-West Group CSIRT* (JR-W-CSIRT), an organization for the purpose of preventing security incidents and preventing the spread of damage in the event of occurrence, we are working to foster information security awareness within the JR-West Group. In fiscal 2019, we expanded the target of our training regarding targeted email attacks to encompass Group companies, and also implemented voluntary inspections of companies' internal IT environments, in preparation for the risk of cyberattacks timed to large-scale events. We also convened a Group Company Information Security Liaison Group meeting aimed at top management in Group companies, and confirmed the promotion of initiatives aimed at improving information security in line with internal and external trends.

* CSIRT: An abbreviation for Computer Security Incident Response Team.

Improvement of crisis response capabilities

In addition to implementing group training and incident response training for JR-W-CSIRT, we participate in training for major infrastructure in cooperation with government bodies, with the goal of improving our crisis response capabilities. By deepening the activities of JR-W-CSIRT, we will push ahead in improving the information security level of the JR-West Group overall.



Group Company Information Security Liaison Group