

West Japan Railway Group Integrated Report **2020**

—Report on Our Value for Society—

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Corporate profile (as of March 31, 2020)

Head office

4-24, Shibata 2-chome, Kita-ku, Osaka 530-8341, Japan

Date of establishment

April 1, 1987

Common stock

¥100 billion

Shares outstanding

191,334,500

Main features of business

Transportation operations, non-transportation operations (real estate leasing etc.)

Employees at work

48,323 (consolidated)

24,439 (non-consolidated)

Railway services

Total route length: 4,903.1 kilometers

Shinkansen 812.6 kilometers

Conventional lines 4,090.5 kilometers

Number of stations: 1,174

Number of rolling stock: 6,441

Scope

As a rule, JR-West Group (including some initiatives at the non-consolidated level).

Applicable period

As a rule, April 2019 to March 2020

Reference guidelines

Reference was made to "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" published by the Ministry of Economy, Trade and Industry (METI).

Editorial policy

This report has been published in order to provide information about JR-West Group's various initiatives and the value they bring, and to communicate with our wide range of stakeholders. The information provided herein focuses on those areas we particularly wish to highlight. For further details of our initiatives, please refer to the relevant pages of our website.

Regarding the Company's Fiscal Year

The Company's fiscal year is from April 1 to March 31. The fiscal years referred to in this Report are the years ending on the last day of the indicated year.

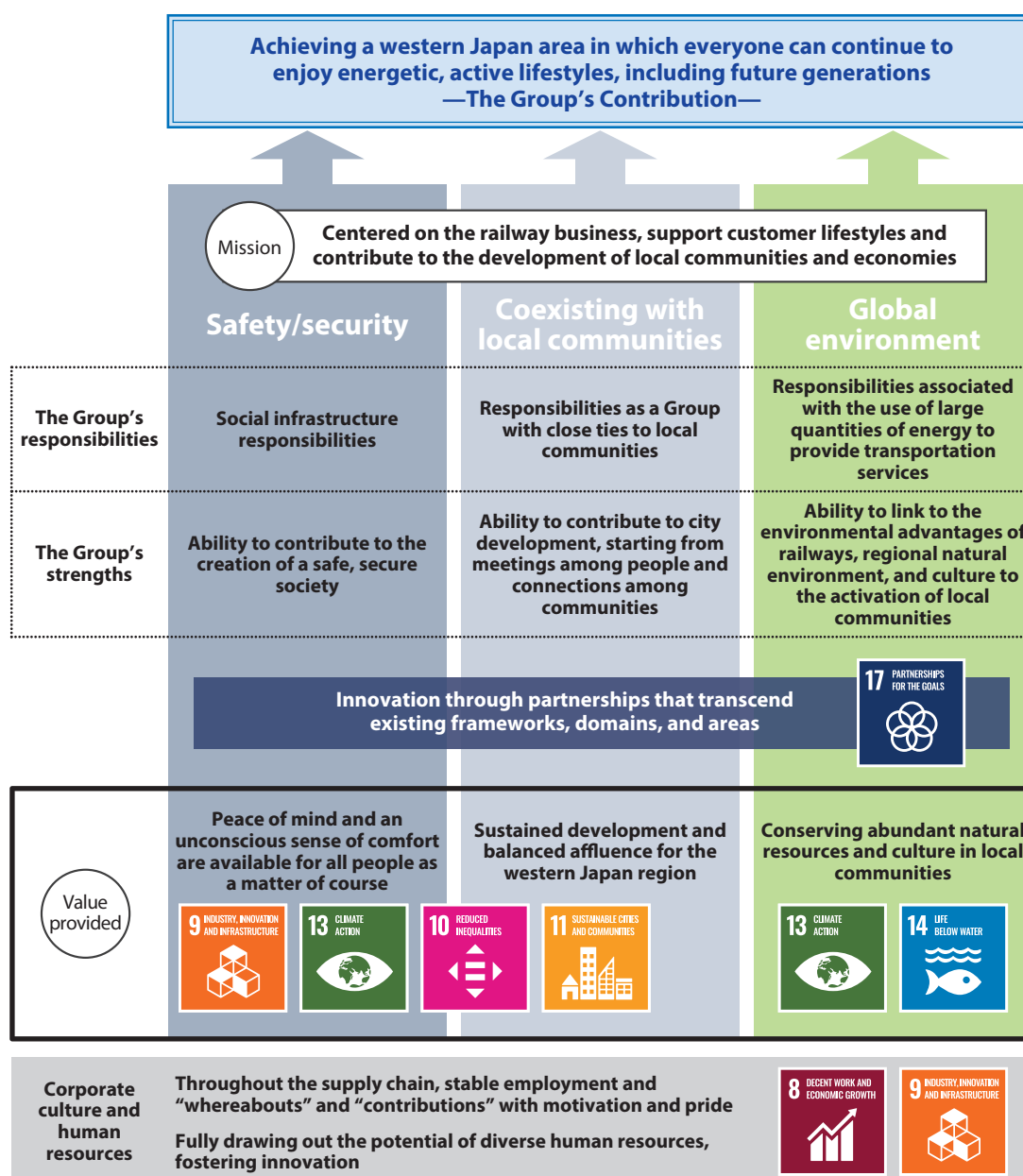
e.g. fiscal 2020, FY2020 the year ended March 31, 2020

Contributing to achievement of the SDGs

Along with the revision of the JR-West Group Medium-Term Management Plan 2022, we have reconfigured the role of the JR-West Group, which is directly related to the Sustainable Development Goals (SDGs) that aim for a sustainable society.

Our Group's mission is to support our customers' lifestyles and contribute to the social and economic development of local communities, centered on the railway business. With railway safety at the foundation, we will draw on the strengths of our environmentally-friendly railways and help to resolve social issues through a cycle in which the region's abundant nature and culture, as well as urban development, serve to revitalize local communities. In this way, we will realize our vision of creating "a safe and comfortable society filled with meetings among people and smiles."

By achieving a western Japan area in which everyone can continue to enjoy energetic, active lifestyles, including future generations, we will contribute to realizing the SDGs.



Values held by the JR-West Group

Unchanging determination—Ensuring that we will never again cause an accident such as that on the Fukuchiyama Line

With railways being our core business, safety is the basis of every JR-West Group service and product. We are acutely aware of the magnitude of our responsibility for causing and not foreseeing the risk of the extremely serious April 25, 2005 derailment accident on the Fukuchiyama Line.

The total mindset of the JR-West Group and the central focus of our actions is an unchanging determination to ensure that we will never again cause an accident such as that on the Fukuchiyama Line. We have reflected deeply on the accident and its consequences and take the lessons learned from the accident extremely seriously. As such, we will continue to position our three pillars of management—measures to have ourselves accepted as acting with sincerity by the victims of the train accident, measures to enhance safety, and furthering of reform—as top priorities.

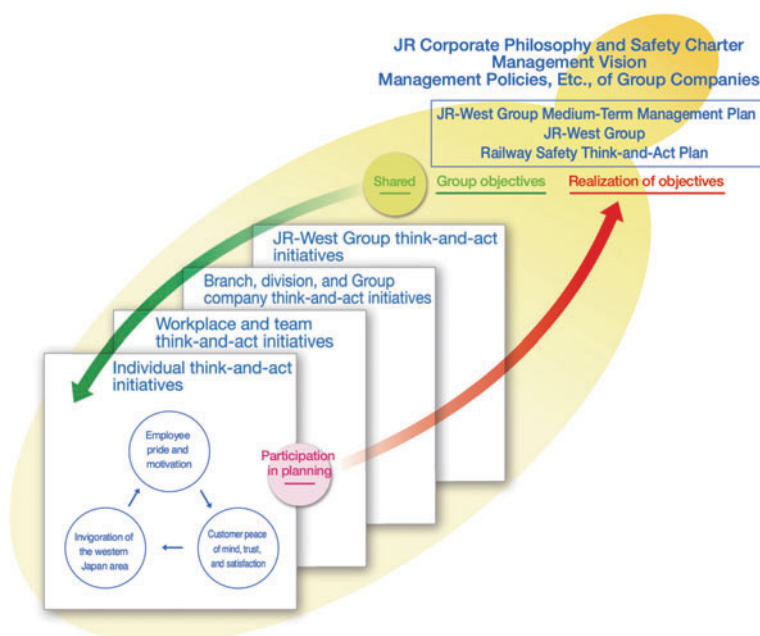


The objectives of JR-West CSR efforts

The core objectives of the JR-West Group's CSR efforts are to reflect on the derailment accident on the Fukuchiyama Line, deliberate on the "significance of our existence," "what society demands of us," and "what we must do to answer those demands," while also making our Corporate Philosophy a reality.

This realization of our Corporate Philosophy is achieved by each and every employee recognizing the significance of his or her job (what is it for and what does it achieve), incessantly pursuing the concept of "think-and-act," and boosting the value that we deliver to stakeholders and society. This, in turn, lead to motivation and pride for each employee.

Achieving this virtuous cycle is the aim of the JR-West Group's CSR.



The determination and pledges contained in our Corporate Philosophy and Safety Charter

In order to establish a corporate culture that places top priority on safety, and also prompted by the derailment accident on the Fukuchiyama Line, our Corporate Philosophy was enacted through deliberation by all of our employees examining the direction in which we would like to progress, the values that we hold dear, and similar concepts.

At the same time, we also reassessed our Safety Charter, which addresses conduct guidelines related to safety, in order to ensure that each employee is able to instinctively take concrete action in day-to-day tasks on the basis of valuing safety as the highest priority.

The JR-West Corporate Philosophy and Safety Charter embody our determination and pledge to all of society to be a company that makes safety the highest priority and that vows to never again cause a critical accident.

JR-West 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.

Our relationship with stakeholders

When JR-West employees deliver high-quality services with motivation and pride, it leads to safe, reliable, and satisfying smiles for customers, as well as energetic, invigorating smiles for residents of the western Japan area. With the benefits received from this, we will continue to ensure business sustainability and growth, co-creation with shareholders and business partners, and more smiles into the future.

At the same time, we will deliver lasting happiness and smiles to all of our stakeholders by increasing the value we deliver to all of those with whom we work.



The president's message



With our unchanging determination to ensure safety as the starting point, our mission is to continue supporting the development of western Japan, centered on railways

As a social infrastructure company with a rail network spanning western Japan, JR-West Group's mission is to continue to support safe, convenient and comfortable lifestyles, as well as the region's social and economic development—no matter how much social conditions change.

Railway safety is a vital prerequisite for this. Taking as the starting point our unchanging determination to ensure that we will never again cause an accident such as that on the Fukuchiyama Line, and the lessons we have learned after reflecting on the accident, our foremost mission remains to ensure safety, and making this our top priority is indeed at the heart of our business and the source of our value.

With our railway network at the core, we will continue to support regional development through synergies with our non-railway business, while contributing

to the resolution of various social issues. All employees of JR-West Group take both pride and pleasure in meeting these expectations.

This report introduces our values and approach, our initiatives and their results/associated issues, as well as our vision for the future. With your understanding of our mission and the value we provide, as well as collaboration and coexistence with the communities we serve, JR-West Group will continue to fulfill its mission and achieve long-term growth.



Revision of the JR-West Group Medium-Term Management Plan 2022 to enhance our ability to address accelerating change, responding to the needs of society

The novel coronavirus pandemic has placed JR-West Group in an extremely challenging situation, the like of which we have never experienced. We are now working to overcome this crisis while following our four basic policies—Fulfilling our mission as a social infrastructure company, Protecting the safety of customers and employees, Sustaining the employment of employees, and Sustaining the supply chain.

We have recently revised the JR-West Group Medium-Term Management Plan 2022.

To continue fulfilling our mission as a social infrastructure company amid uncertainty surrounding the outlook for the natural environment and society, it is essential that we restore our financial base as soon as possible, and this is our focus. Concurrently, against the backdrop of a constant decline in the use of trains, we will reform in particular the cost structure of our railway business so as to continue to

ensure safety and secure the peace of mind and trust of our customers, while continuing to deliver value to their satisfaction.

Fundamental elements of society are undergoing a transformation, including people's values, forms of behavior and work styles. In order to respond flexibly to new ways of living and people's desire for a rich experience, we will review our operations and re-assess the value we provide. By carrying out a thorough review of areas such as our business model, organization, systems and approach to developing human resources, we will hone our ability to adapt to change, while also striving to innovate, including implementing digital-driven business reforms. In this way, we will work hard to ensure that our business operations and service provision meet the needs of society.

Reaffirming our role and mission Challenging ourselves to meet ambitious targets, growing together with regional communities, and helping to build a sustainable society

Responding to the coronavirus pandemic has reminded us that our business is founded on the preservation of a sound and healthy society, and also that our own role is directly correlated with the Sustainable Development Goals (SDGs), which indeed aspire to the creation of such a society.

I believe we have an important mission to continue supporting local communities and helping to stimulate and develop the regional economy, through consideration for the global environment and creating "a safe and comfortable society filled with meetings among people and smiles."

The SDGs require corporations to maximize their respective strengths to form an ambitious vision for the future, focused on the issues facing society, and make

efforts to achieve targets through backcasting. I believe this "ambitious vision" and "efforts to achieve targets" constitute the engine driving flexible innovation, and ultimately lead to the sustainable growth of JR-West Group by realizing the sustainable development of western Japan and balanced prosperity in this region in partnership with local people.

Through collaboration with all our stakeholders, we will create new value in our own unique way, and play our part in building a sustainable society.



Kazuaki Hasegawa

President and Representative Director

Building safe and reliable railways

—Enhancing safety with the derailment accident on the Fukuchiyama Line as the starting point

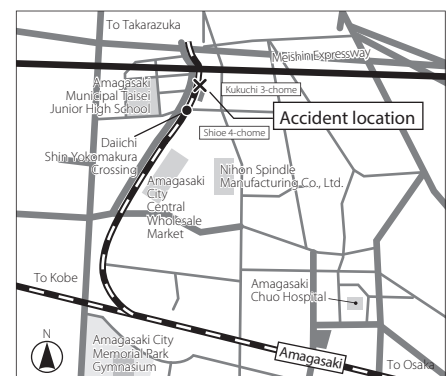
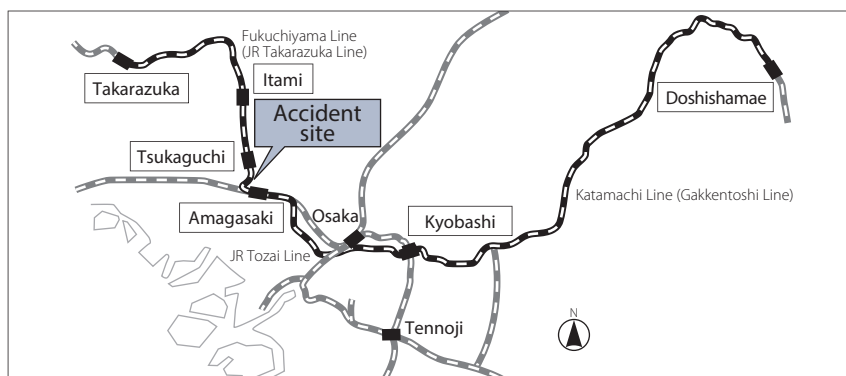
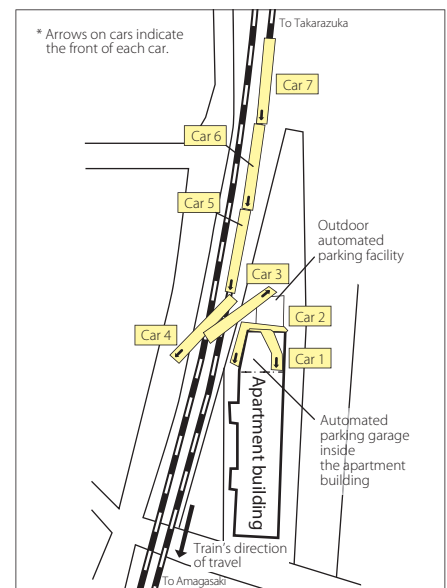
The derailment accident on the Fukuchiyama Line

On April 25, 2005, we at the West Japan Railway Company caused the Accident on the Fukuchiyama Line, an extremely serious accident resulting in 106 fatalities and more than 500 injured passengers. We pray for all the victims of the accident and would like to express our sincerest apologies to their bereaved families. We would also like to express our deepest sympathies and sincerest apologies to the injured passengers and their families.

For the immense anxiety that the accident caused, we offer the deepest apology possible to our customers and those in the local community.

Overview

Date/time	Monday, April 25, 2005, approx. 9:18 AM Weather conditions: sunny
Location	Between Tsukaguchi Sta. and Amagasaki Sta. on the Fukuchiyama Line Approx. 1,805 m before Amagasaki Sta. (Amagasaki city, Hyogo prefecture)
Trains involved	Rapid train from Takarazuka Sta. bound for Doshishamae Sta. Train No. 5418M (EMU 207 series, 7 cars)
Summary	Between Tsukaguchi station and Amagasaki station, train No. 5418M entered a rightward curve with a radius of 304 m at 116 km/h—greatly exceeding the speed limit of 70 km/h for the corner. As a result, the first through fifth train cars derailed, causing the first and second cars to collide with an apartment building on the left side of the direction of travel. On this derailment, 106 passengers and the train driver were killed. Furthermore, 562 passengers and 1 pedestrian walking near the scene were injured.



Sketch of the accident area on April 25, 2005

Cause of the accident

—From the Aircraft and Railway Accidents Investigation Commission's Railway Accident Investigation Report*
*The Aircraft and Railway Accidents Investigation Commission was reorganized as the Japan Transport Safety Board in October 2008

It is considered highly probable that the train driver's delay in applying the brake resulted in the entry of the train into a 304 m-radius rightward curved track at a speed of approximately 116 km/h, which was far higher than the specified speed limit of 70 km/h, and the running of the train along the curved track at the high speed caused the first car of the train to fall left and derail, which caused the second to fifth cars to derail.

It is considered probable that the train driver's delay in applying the brake is attributable to the diversion of his attention from driving the train to (1) listening to the dialogue between the conductor and the train dispatcher by radio communication which was caused by his belief that he had been hung up on by the conductor while he had been talking to the conductor on the intercom to ask him to make a false report and (2) making up an excuse to avoid being put on an "off-the-train" re-training course.

It is considered probable that the West Japan Railway Company's train driver management system in which drivers who caused an incident or a mistake are put on an "off-the-train" re-training course that can be considered as a penalty or are subjected to a disciplinary action and drivers who did not report an incident or a mistake they had caused or made a false report about such an incident or mistake are put on an even harder "off-the-train" re-training course or subjected to an even harder disciplinary action may have (1) caused the driver to make the call to the conductor on the intercom to ask him to make a false report and (2) caused the diversion of the driver's attention from driving the train.

We will continue to make concerted efforts for all persons affected by the accident, while striving to further enhance safety measures and reform our corporate culture.

This accident has left an indelible mark on our hearts and we will continue drawing upon all of our capabilities to be fully conscious of our responsibility for protecting the truly precious lives of our customers, and incessantly acting on the basis of safety first, while building a railway that assures our customers of its safety and reliability.

Taking to heart the lessons from the accident

Because JR-West had never predicted an accident of this great magnitude before, we did not have an ATS (Automatic Train Stop) system with speed check functions installed on the curve where the derailment occurred and we did not sufficiently take into account human factors in our employee training and similar programs.

After the accident, in looking back on the issues JR-West needs to rectify, and while implementing various safety initiatives, we came up with the following points of reflection as we reassess why we were unable to preempt the derailment accident on the Fukuchiyama Line.

Company-wide system for ensuring safety

Inadequacies in the system for identifying and addressing risks

As a company engaged in the railway business, we need to ensure safety by having each part of the organization earnestly fulfill its duties, while also mutually coordinating with its counterparts. These include management personnel, who handle overall supervision and determine the management policies and their requisite safety measures; technical/engineering personnel, who design and build the railway systems that put the above policies into action; and operational/functional personnel, who run the railways, stand on the front lines, and maintain railway system equipment. When implementing management policies in particular, the technical/engineering personnel work at the design stage to

first identify and evaluate risks accompanying those policies, then propose safety measures, while the management personnel execute decisions on management policies after confirming that the necessary safety measures have been taken. Then, the operational/functional personnel strive to notice any safety issues after the policies have been implemented (including during day-to-day work tasks), with the management and technical/engineering personnel responding to address any issues.

With regard to our framework for ensuring safety as a Company comprised of these three parts, we reflected on what should have been done before the accident and came up with the following improvement points for each stage of implementing management policies.

The planning stage for management policies	A system for preemptively identifying and addressing risks—in order to prevent severe accidents before they occur—was not established at the planning stage of management policies. For instance, at the planning stage for revising the timetable (which enabled large-scale formation changes to the train line and an accelerated operation schedule) when service began on the JR Tozai Line, policies did not include equipping the line with an ATS system on the curve where the accident occurred.
The decision-making stage for management policies	A system for deciding management policies after confirming that necessary safety measures have been taken was not established. As a result, the confirmation of safety measures and the decision-making process for management policies were undertaken separately, without mutual coordination, including in the case of management policies for changing the formation of the train line and revising the timetable, and safety measures such as equipping the line with an ATS system.
The post-implementation stage for management policies (including during day-to-day work tasks)	After the implementation of management policies such as changing the formation of the train line, revising the timetable, etc., there were insufficiencies in the system for acknowledging safety issues noticed by personnel during their day-to-day work tasks, as well as gathering information on risks that could lead to major accidents.

Inadequacies in systems such as employee training (greater attention to the “human factor”)

As stated in the Aircraft and Railway Accidents Investigation Commission’s Railway Accident Investigation Report, “It is considered probable that the train driver’s delay in applying the brake is attributable to the diversion of his attention from driving the train to (1) listening to the dialogue between the conductor and the train dispatcher by radio communication which was caused by his belief that he had been hung up on by the conductor while he had been talking to the conductor on the intercom to ask him to make a false report and (2) making up an

excuse to avoid being put on an “off-the-train” re-training course.” In the background to this were insufficiencies in our employee training program’s consideration of human factors, as well as a lack of resilience from minimal leeway built into the train timetable.

At that time, the Company thought that pursuing the individual’s responsibility for an error would prevent recurrence, so we were carrying out disciplinary action and a re-training program that could be perceived as a penalty against personnel. This led to personnel directing their attention toward covering up and making excuses for errors, which resulted in a situation that opened the door to accidents, as opposed to preventing human errors.

Building safe and reliable railways

—Enhancing safety with the derailment accident on the Fukuchiyama Line as the starting point

Culture that makes safety the top priority

We believe that part of the background to not having these organization-wide systems for ensuring safety was not having a Company-wide culture that made safety the top priority, and that management personnel in particular had insufficiencies in their actions and awareness of the priority of safety.

Attenuated technical expertise and sensitivity to safety accompanying emphasis on operational efficiency

When the Company was initially founded, efforts were made to promote efficiency across all operations due to the challenging environment in which our operational foundations were being established. As a result, any surplus leeway in operations was reduced and we were not able to elevate safety initiatives as we only took care of maintaining daily tasks. Consequently, technical expertise lagged and we were not able to boost our sensitivity to safety issues.

Insufficient understanding of the “human factor”

As we built up safety measures grounded in experience-based engineering (which is a particularity of the railway business), our fundamental focus became a belief that we could assure safety, so long as we paid attention to laws, regulations, and other rules created from measures and knowledge gained from past accidents. As a result, there was a bias toward preventing recurrence of incidents in an approach that “treated symptoms” while not installing measures for predicting risks preemptively.

Additionally, a focus on ensuring safety by attending to laws, regulations, and other rules led to an inadequate understanding of human factors, such as “humans being prone to fallibility” and “human errors being effects, not causes.” This entailed insufficiencies in our multifaceted analysis of causes and our implementation of countermeasures.

Excessive top-down communications, insistence on punishment and rewards, and emphasis on liability

The particularities of the railway business mean that it is comprised of a variety of technical domains and organized with numerous specialized fields (transportation in general, rolling stocks in particular, facilities & equipment, electronics, etc.). This creates fertile ground for a culture prone to top-down communications, including hierarchy within each specialized field and a salient chain of command.

Drawing on lessons learned from when we were a nationalized company, we followed a workplace management approach in which instructions were comprehensively issued at each workplace and an emphasis on punishment and rewards was fundamental. When these were taken to extremes, the corporate culture became focused on pursuing individual liability and the general awareness of sectionalism was heightened. At the same time, top-down communication became excessive and frank discussion was difficult. Dialogue between management, technical, and operational personnel, as well as communication between superiors and subordinates, along with reciprocal coordination between specialized fields and separate workplaces, were all insufficient.

Overconfidence from a successful track record

As JR-West steadily established its management foundation, we weathered the Great Hanshin Awaji (Kobe) Earthquake disaster, then successfully emerged from full privatization and gradually built up a track record of continuously stable operations. We believe that experiencing these successes engendered an organization prone to over-confidence and a sense of contentment with current circumstances. A stance of humbly learning from external examples gradually diminished and discrepancies with society at large emerged.

Learning from the accident

JR-West Group has reflected deeply on the fact that we were unable to fulfill our responsibility as a company entrusted with the precious lives of passengers, and we have worked hard to build mechanisms in company-wide systems to ensure safety, while establishing a culture that makes safety the top priority.

Specifically, we formulated the “Safety Enhancement Plan,” “Fundamental Safety Plan” and “Railway Safety Think-and-Act Plan 2017.” As a result of developing various safety initiatives from both the tangible and intangible perspectives, we have reduced both railway operation accidents and transportation

disruptions due to internal factors.

Since fiscal 2019, the entire JR-West Group has been engaged in implementing the JR-West Group Railway Safety Think-and-Act Plan 2022, a specific plan for safety improvement that forms the core of the JR-West Group Medium-Term Management Plan 2022. This plan incorporates the lessons of the derailment accident on the Fukuchiyama Line and the initiatives we had developed up until that point, as well as the lessons of the critical incident on the Sanyo Shinkansen that occurred in December 2017.

JR-West Group Railway Safety Think-and-Act Plan 2022

The JR-West Group Railway Safety Think-and-Act Plan 2022 reaffirms our commitment to achieve “zero train accidents that result in casualties among our customers” and “zero railway labor accidents that result in fatalities among our employees,” as well as further reductions with regard to “train accidents involving people that result in casualties among our customers,” “accidents at level crossings,” and “transportation disruptions due to internal factors.”

Among these aims, we take very seriously incidents caused by us that result in the loss of our colleagues’ precious lives, such as labor accidents involving electrocution. By drawing up measures based on their causes, we are working hard to limit such incidents through initiatives including continually monitoring the status of measures implementation. To ensure that we steadily advance this Plan, we will further deepen our initiatives, including enhancing the tangible and intangible measures we have implemented hitherto, as well as initiatives whereby each individual considers

concrete risks and stops the train or their work without hesitation when they cannot confirm that the situation is safe. Furthermore, we are striving to develop an organizational culture whereby employees no longer take a passive approach to what has been simply decided or instructed. In other words, building organizations and employees who actively think, learn, introduce what they have learned and try putting it into practice by acting more independently to ensure safety, besides complying with rules and systems. In addition, we will review the safety initiatives implemented after the derailment accident on the Fukuchiyama Line in the light of the lessons learned, and as an organization, see that this is handed down. At the same time, we will implement effective training so that this is embodied in the thinking and actions of every individual. Concerning our response to the novel coronavirus pandemic, we will continue to make every effort to prevent the spread of the virus among our customers and employees.

● Safety enhancement with the derailment accident on the Fukuchiyama Line as the starting point

Building companywide frameworks for securing safety and establishing a corporate culture in which safety is the highest priority

- Highlighting and reviewing the lessons learned from the safety initiatives implemented after the derailment accident on Fukuchiyama Line, and advancing measures linked to the think-and-act initiatives of each individual.
- Establishing support tools, etc., for the realization of a corporate culture of “actively thinking, learning, introducing, and trying.”

Safety measures for crossings and platforms

- Trialing of systems that support detection of special signal light emitters¹ (figure 1)
- Developing safety devices for type 4 crossings²
- Enhancing safety confirmation methods used by train crew on platforms (L-space confirmation, etc.) (figure 2)

Railway labor accident countermeasures

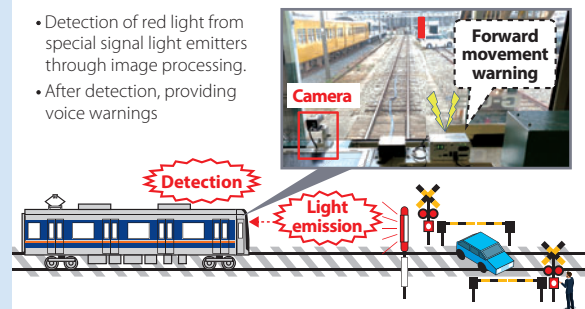
- Reducing on-track inspections through data measurement on rolling stock (3)

Natural disaster countermeasures (disaster prevention / damage reduction)

- Using radar to track amount of rainfall to address localized heavy rain
- Implementing measures that take into account flooding at rolling stock bases

Measures to prevent the spread of the novel coronavirus infection

- Anti-viral and anti-bacterial processing in stations and on trains
- Installing air cleaners on limited express railcars
- Providing real-time, detailed information to contribute to the avoidance of congestion



1. Special signal light emitter support system



2. Safety check of the area between the train and the line of tactile paving tiles (“L space”)



3. Flaw detection railcar

¹ Special signal light emitter: Equipment that displays a signal to indicate an emergency, for example when a car stalls on a level crossing

² Class 4 level crossing: A level crossing with a warning notice and level crossing sign, rather than a gate or warning signal

Building safe and reliable railways

—Enhancing safety with the derailment accident on the Fukuchiyama Line as the starting point

Instilling an awareness of safety as the top priority

With 15 years having passed since the derailment accident on the Fukuchiyama Line, the majority of current JR-West employees joined the Company after the incident. In order to ensure that the accident is not forgotten, and to implement initiatives for improving safety, the entire JR-West Group is carrying out measures to hold in our hearts the lessons of that day.

We have designated the 25th day of every month “safety day.” In addition to continuing to hold study sessions and cross-departmental discussions on safety at each workplace, we hold “think-and-act” safety training at the Railway Safety

Education Center and Memorial Grove (Inori no Mori) at the accident site for the purpose of acknowledging the lessons and points of reflection from the accident, using those insights in safety improvement initiatives, and connecting this to the work tasks of each employee. We will enhance measures to ensure that everyone holds the derailment accident on the Fukuchiyama Line in their heart and deepens their understanding of safety-related policies (including the Safety Charter), in order to build a culture in which safety is the top priority and in which actions consistently put safety first.

Example initiative **Kanazawa Branch**

Initiative to pass on the experience of the accident

The Kanazawa Branch is conducting an initiative led by staff who worked in the Kansai Urban Area at the time of the accident.

We are deepening the relevance of the accident for each individual

Reiko Sato

General Affairs Section, Kanazawa Branch

At the time of the accident, I was working as a conductor in the Kyoto area, and when I was assigned to the Fukui area as a driver, I felt the difference between areas in their approach to the accident. Based on that experience, I devised an initiative to pass on the experience of the accident, with staff who had been working in the Kansai Urban Area as the instructors.

By hearing first-hand accounts of the circumstances of the accident from staff who themselves experienced it, the accident is engraved in the hearts of the participants and becomes something they can relate to on a personal level. As a result, our initiative serves to strengthen “safety first” in their thinking and actions.



We are keeping the experience of the accident alive

Shuichiro Umezawa

Chief Controller, Transportation Section, Kanazawa Branch

I was working at Amagasaki Station as a new employee immediately after the accident, and I experienced various things through the station's operations. It is my belief that we must never forget this experience and continue to talk about it, which is why I'm participating as an instructor. By practicing in our daily work our Corporate Philosophy and Safety Charter, which were established based on what we learned from the accident, this leads directly to customers use railway services with peace of mind when using our railways. This is what I always tell our participants.



We are also passing on the experience of the accident

Takuya Ukegawa

Truck & Structures Management Staff
Toyama Shinkansen Railway Maintenance Unit, Kanazawa Branch
(now Truck & Structures Controller, Shinkansen Truck & Structures Section, Kanazawa Branch)

Hideaki Yamagishi

(now RAILWAY TRACK AND STRUCTURES TECHNOLOGY CO., LTD.)

Hearing the instructors' memories of that time reminded us that we were working in a company that had caused an accident. This again brought home to us the importance of practicing the Corporate Philosophy and Safety Charter in our daily work, whether that be construction or planning. In a workplace such as ours, most of the employees joined the company after the accident, so we believe it is important to convey what we learned from this initiative within the workplace. As well as encouraging them to keep safety in mind in their day-to-day work, on “safety day” we share what we learned from this initiative to pass on the experience of the accident.

In addition, we are practicing specific thinking and actions such as initiatives that result in safe conduct, by objectively evaluating one's own behavioral characteristics, and using self-awareness to avoid making assumptions.

We will continue to implement such initiatives in future in order to instill a safety-first awareness and ensure safe operations on the Hokuriku Shinkansen.



Enhancement of organizational safety management

To improve the functions of railway systems for maintaining safety, we are working to establish organization-wide mechanisms to ensure safety, implemented at the managerial, technical and operational levels, based on an awareness of safety as the top priority. We also work to ensure that these mechanisms function effectively, without deterioration over time, and are continuously enhanced.

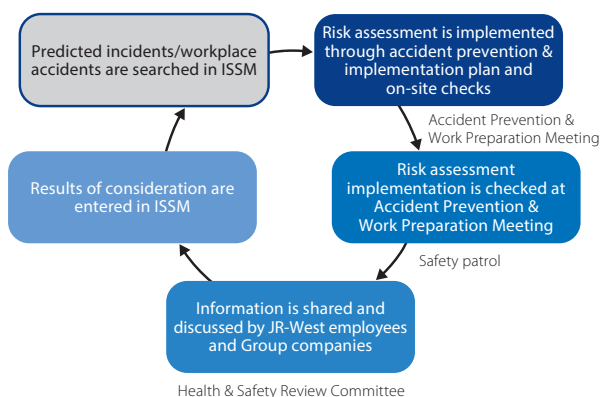
With regard to risk assessments, the head office, branches and work sites cooperate to identify and assess risk, and enact the appropriate measures for the priority risks. We also operate an Integrated System for Safety Management (ISSM),* a database for viewing and searching risk information, while also promoting Group-wide initiatives in which we learn from safety-related information at other sites.

Example initiative **Hiroshima Civil Engineering & Technology Center, Hiroshima Branch**

Creating opportunities for everyone to think about risk in concrete terms

At the Hiroshima Civil Engineering & Technology Center, we are using ISSM to build safety management systems with the goal that each person thinks in concrete terms about risk and becomes more sensitive to risk. When holding discussions prior to inspections and construction work, we use ISSM to search for past accidents with similar conditions and work processes to anticipate risk, thereby improving the quality of risk assessment. Also, we conduct safety patrols to check that the measures examined beforehand are being implemented. The results are shared with Group and partner companies at review meetings held every month, and following discussion, safety and risk-related information is registered in ISSM. Through this process, we are establishing a cycle in which risk information is disseminated throughout the company and risk assessments are constantly improved.

● Risk assessment flow using ISMM at the Hiroshima Civil Engineering & Technology Center



Using ISSM to identify work-related risk

Masato Bando

Assistant Manager

Hiroshima Civil Engineering & Technology Center, Hiroshima Branch

When carrying out a risk assessment, each individual's risk sensitivity and past experience has a significant influence. By searching for incidents in ISSM, we can learn about events that occurred at other locations and the measures that were considered, giving us new insights. Also, we identify risks associated with new work processes by verifying important points in similar work processes in the past.

Taking these identified risks as the starting point, we prevent misconceptions and misunderstandings by holding pre-work discussions at the work site, rather than indoors as was the case before, which makes it easier to identify risks that would have been difficult to spot in the office. Also, by allowing "confirmation time" in discussions at the work site, I feel there are now many more verbal contributions from Group and partner companies. I can really sense how the ISSM search results act as a primer for discussion and also stimulate more lively debate, creating a virtuous cycle of risk identification.



On-site Accident Prevention & Work Preparation Meeting

* Integrated System for Safety Management (ISSM): A database in which risk information can be viewed or searched

Building safe and reliable railways

—Enhancing safety with the derailment accident on the Fukuchiyama Line as the starting point

Safety think-and-act by each individual

We aim to prevent serious accidents by each individual understanding the importance of reporting and sharing safety-related information, as well as anything they notice in connection with safety, while taking measures themselves to

reduce risk and manage their own actions. As well as working to create an environment that facilitates reporting, we are promoting the creation of workplaces in which safety-related information can be shared.

Example initiative Kamigori Station, Kobe Branch

Gathering safety-related information and measures to reduce errors at one’s own site

In the light of the car derailment that occurred during shunting work at Gobo Station on the Kisei Line in April 2019, at Kamigori Station on the Sanyo Line an examination was carried out to further improve safety in shunting work, premised above all on compliance with rules and proper implementation of basic

operations so as to prevent a similar incident here.

The use of different colors to categorize two patterns of shunting operation that are regularly carried out strengthens awareness of which operation is being performed, preventing errors during shunting work.

Note: Shunting work: Work carried out in the station yard, including moving rail cars around and positioning them on the platform.

Improving visibility using different colors



Example of use at the work site



Confirmation during shunting work prevents work errors

Learning from experience to enhance empirical value

Mitsuji Okamoto
Transportation Management Staff,
Kamigori Station, Kobe Branch, Kansai Urban Area Regional Head Office

A single error in shunting work or other operations handling at the station could lead to a derailment or other major incident. I strongly feel that if an accident is narrowly avoided, that experience should be shared with other members and put to good use, rather than simply thinking it was fortunate that nothing happened.

We are making it a habit to think about what to do next and what measures to implement to avoid a similar mistake, based on that experience of a narrowly avoiding an accident, and when another location shares an incident, to consider what measures we would take if it had happened to us. We also get our colleagues involved in this process and tackle it with a sense of mission.

When thinking with my colleagues about what measures we should take in this particular instance, I felt that there might be a more “immediate” measure that triggers attention, rather than just taking a logical approach, and as a result we thought of using different colors for each work process.

Going forward, we will ensure that newly hired or transferred colleagues also understand the crucial points of shunting work, and also make sure that the measures we’ve put in place and their significance are properly passed on.



Enhancement of railway systems that maintain safety

To ensure railway safety at all times, we are improving the functions of railway systems for maintaining safety through a combination of tangible and intangible measures, while controlling risk to a tolerable range. Among the intangible measures, to enforce checks and communication we are working to ensure that individuals

communicate to mutually confirm an action or instruction that they believe to be mistaken or erroneous, regardless of the organization or position of the other party, based on the keywords “Just to confirm...” and “Thanks for confirming.” This is being addressed throughout the JR-West Group.

Example initiative **Nishinihon Electric System Co., Ltd.**

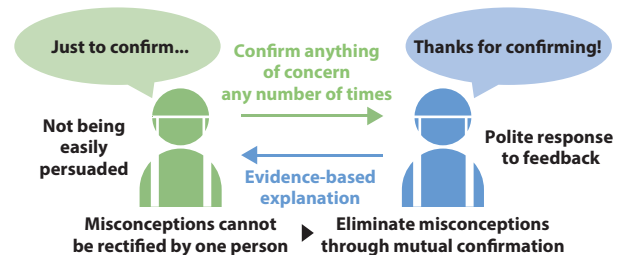
Eliminating misconceptions by creating a culture of mutual confirmation and checks

Group company Nishinihon Electric System Co., Ltd. (NESCO) allocates “confirmation time” in relation to any concerns or questions that arise about work. The aim is to eliminate misconceptions through mutual confirmation between the operation leaders and works personnel from external partners. As a result, asking questions with the phrase “Just to confirm...” is becoming a habitual part of collaboration between operation leaders and works personnel.

As well as thanking the questioner with the phrase “Thanks for confirming,” we are working to eliminate errors resulting from misconceptions from various perspectives, using mutual checking of documents and drawings used in work discussions, on-site equipment, etc.

By establishing mechanisms that allow anyone to speak up about something they are concerned about, without feeling uncomfortable, and making evidence-based checks a habit, the company is building an environment in which risk is tackled collaboratively.

● Communication between an operation leader (left) and work supervisor/worker (right) during “confirmation time”



Conversations for checking safety have improved both in quality and quantity

Kohei Tanigaki

Assistant Manager,
Kyoto Contact Line Construction Office, Nishinihon Electric System Co., Ltd.

We have always allowed time to confirm the degree of understanding in pre-work meetings, on points such as the work content and environment.

By allowing “confirmation time,” I have really noticed how confirmations not only by the work supervisors, but also by the workers themselves, have increased both in quality and quantity, and we are now able to consult openly about any doubts or concerns.

What I’m aiming for now is to inject variety into our “confirmation time” and think up new ways of communicating, as when the work conditions remain similar in the same work location, the points raised tend to be heard less critically.

Sensitivity to risk has improved through active exchange of opinions

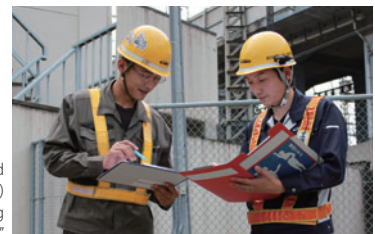
Daijiro Ogawa

Construction Section Manager,
Koyodensetsu Co., Ltd.

“Confirmation time” allows all the parties to have a common understanding of the finer points, so I think it’s very effective. Having conversation time separate from the time spent on explanations and the like creates an open and relaxed atmosphere, and our work personnel actively confirm issues during this time.

In cases such as work related to a major project, sometimes different work is going on at the same time in an adjacent location, so careful cooperation is essential to ensure the safety of our personnel as well as workers from other companies. By allocating “confirmation time,” the different viewpoints of those working on the front line are incorporated, and I can really sense how the team’s sensitivity to risks latent in the work content, environment and conditions increases.

Section Manager Ogawa (left) and Assistant Manager Tanigaki (right) exchange views during “confirmation time”



Building safe and reliable railways

—Enhancing safety with the derailment accident on the Fukuchiyama Line as the starting point

Responding to victims

At present, our specially established Supporting Headquarters for the Victims of the Derailment Accident on the Fukuchiyama Line is responding to the needs of those who suffered from the accident. Going forward, we will earnestly listen to the thoughts and opinions

of each individual person and continue to make concerted efforts for all persons affected by the accident. Furthermore, we will continue to keep a contact office open in order to be able to consult with and listen to victims into the future.

Memorial ceremony

In September 2005, we held a Memorial Ceremony & Safety Event, which has been followed up with a Memorial Ceremony every year on April 25. In 2020, the Memorial Ceremony was canceled due to the spread of novel coronavirus.

Explanation meetings

We have been holding explanation meetings, with attendance by the Company President and relevant executives, as an opportunity to provide victims with information on Company issues and initiatives, while also receiving input from victims.



Offering flowers in memory of those who died in the accident

Memorial Grove (Inori no Mori) at the accident site

We incorporated input from victims and drew up a plan in order to construct a Memorial Grove (Inori no Mori) at the site of the Fukuchiyama Line accident in September 2018.

The Memorial Grove includes a cenotaph, a Memorial Corner (with letters to the deceased from their loved ones as well as various items donated in their memory), and an Accident Information Corner (with panels giving details about the accident, as well as newspaper clippings, publications, and other related media covering the accident). Anyone may freely visit the Memorial Grove.

The Memorial Grove serves as a place to remember and lay to rest the souls of those who perished, while also leaving a

record of the accident for those who come after. The site will keep the accident from being forgotten and will convey the preciousness of life to society and future generations. It will help JR-West reflect on the accident and will act as a physical pledge to on-going safety as the Company continues to carefully and responsibly preserve the site for all future generations.



Initiatives that take into account the accident and work to benefit local communities

As a company entrusted with the precious lives of passengers, we are committed to reflecting on the gravity of causing such a major accident and, as part of creating a society that affords safety and peace of mind, we established the JR-West Relief Foundation in April 2009.

The foundation has followed the spirit of its creation by engaging in physical and mental care for those affected by accidents and disasters, while also engaging in projects for building safer local communities.

Hosting events

The foundation holds Life Seminars given by guest speakers from various fields, which focus on life from multiple perspectives and strive to provide participants with the opportunity for personal reflection.

As an event marking its tenth anniversary, the organization held an essay and haiku contest for elementary and junior high school students, on the topic of "life," and this was so well received that it was repeated in fiscal 2020. We plan to continue holding this contest, through which students are able to reflect on the importance of life, and to continue sharing with the community the reflections contained in the best submissions.

Offering grants

Toward creating a society that affords safety and peace of mind, the foundation offers grants to groups and research projects supporting preparations and recovery care for accidents, natural disasters, and unforeseen tragedies. Furthermore, in order to help the promotion of emergency aid/life support training in local regions, the foundation subsidizes AED training devices and also supports a group whose achievements include providing Inochi no Denwa (a suicide prevention line servicing the six prefectures of the Kansai area).



Activity of a group that received a grant

Response to the novel coronavirus

In the light of the spread of the novel coronavirus in Japan from January 2020, we quickly established the Novel Coronavirus-related Pneumonia Head Office Response Headquarters based on the West Japan Railway Company New-Strain Influenza Countermeasures Action Plan. We have implemented various initiatives to ensure that our customers can use our railways and services with peace of mind, while protecting the health of the Group's employees and preventing the spread of the virus in our workplaces.

Initiatives founded on the Four Basic Policies

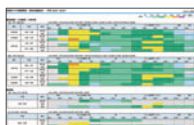
Basic Policy (1) Fulfilling our mission as a social infrastructure company

JR-West Group is implementing various initiatives to ensure that we function as a social infrastructure company that supports our customers' lifestyles through the provision of safe and high-quality railway services and lifestyle services, and contribute to society by providing railway services that customers can use with confidence.

Initiatives to avoid crowding

- Information about crowding

We provide information on our website about the status of crowding by time period on our main lines and route segments, the occupancy status of non-reserved Shinkansen seats, and the situation at the main stations during the morning and evening commuting times.



- Operation of extra trains for staggered school start times

After the state of emergency was lifted, we operated extra trains on certain lines at the request of schools to assist with staggered start times.

- Sale of ticketless limited express tickets for joint use with commuter passes

On lines that are particularly busy during the morning and evening periods, we launched limited-time sales of limited express tickets that can be used in conjunction with commuter passes for ordinary car reserved seats on certain conventional line limited express trains.



- Seat selection when purchasing reserved seats

When purchasing tickets online or at green ticket-vending machines, it is now possible for customers to choose their seat via a seat map.

Request for cooperation to prevent the virus spread

To prevent the spread of the virus in society, we are making announcements and displaying posters in stations and on board trains.



- Request to wear masks and refrain from talking on the train
- Request to use staggered commuting times and teleworking, etc.

Formulation of flexible operation plans according to usage

On Shinkansen trains and conventional line limited express trains, we are adjusting schedules based on customer usage to avoid overcrowding.

Aiming to set train schedules in line with social trends and customer usage

Atsushi Moribe

Transport Planning Section, Transport Department

Since March 2020, there have been abrupt changes in society, including the announcement and subsequently the lifting of a state of emergency to tackle the spread of the novel coronavirus. In response to these conditions, we have revised our schedules for Shinkansen trains and conventional line limited express trains based on customer usage.

Given the ongoing unease about the spread of the novel coronavirus, in revising schedules we have collected and analyzed a wide range of data including the status of daily usage and reservations so that our customers can use our trains with peace of mind. We have planned these revised schedules while being especially careful that our trains avoid the "Three Cs" that facilitate the transmission of the virus (closed spaces, crowded places and close-contact setting). We have also given consideration to the timing and method of notifying customers so that clear information is available as soon as possible.

The novel coronavirus situation requires continued vigilance, but there are also signs of a recovery in train use, including initiatives such as the government's "Go To" campaign.

We will continue doing our utmost to provide rail services that our customers can use with confidence, by offering flexible train schedules that are tailored to usage and closely aligned with shifts in social trends as well as customer needs and behavior.



Response to the novel coronavirus

Basic Policy (2) Protecting the safety of customers and employees

We are implementing a wide range of measures based on guidelines in various sectors, including the guidelines for the railroad and rail track business*, which JR-West Group helped to draw up. These measures will be adopted in our operations until the risk of spread of the novel coronavirus reduces and the wellbeing and safety of our customers and employees can be ensured.

* "Guidelines on Preventing the Spread of Novel Coronavirus in the Railroad and Rail Track Business" (unofficial translation of Japanese guidelines title). Version 1, issued May 14, 2020.

Keeping our customers safe

Disinfection and antibacterial measures inside trains and at stations

- Daily disinfection
- Antiviral/antibacterial treatment of handrails and seats in trains
- Affixing antibacterial stickers on ticket vending machines and elevator buttons
- Provision of disinfectants at main stations



Prevention of airborne transmission

- Installation of plastic screens at ticket gates and offices (Midori-no-madoguchi)
- Prevention of customer crowding at ticket offices, etc. using displays indicating waiting positions



Consideration for customers

- Staff serving customers wear masks
- Trays are used when handling cash
- Crew members ventilate the cabin interior



Infection prevention measures in Group operations

Measures are continually being implemented in compliance with various guidelines to reassure customers.

- Provision of disinfectants at shopping center entrances and hotel lobbies
- Plastic screens have been installed at store checkouts and hotel reception counters, etc.

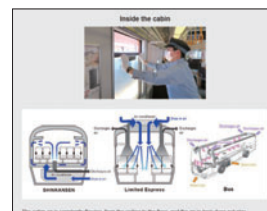


Provision of multilingual information

To ensure that many more people know about the Group's infection prevention measures in stations and on board trains, and can use our services with confidence, we are providing notifications in English and other languages on our website.



Hotel "Clean & Safety" initiative



Ventilation inside the train cabin

Enabling customers to use our trains with confidence

I approach my work with the desire to alleviate our customers' concerns as much as possible, by implementing antiviral and antibacterial measures in the train. While carrying out my work, I'm conscious that our customers are spending time on board the train and keep their image in my mind. I disinfect the cabin while imagining the customer's movements around the train: for example, as well as the straps and handrails, I'll be thinking about which areas of the seat they will touch, or that they might also be placing their hands above the door when the train is crowded. As antibacterial measures are not visible, I'm more conscious than usual of our customers when carrying out this work.

When displaying a sticker in the car to certify that the work is complete, I feel satisfied that we've done what we can, but at the same time I also wonder what else I could do to make sure our customers are reassured. I hope these measures help our customers to feel peace of mind when traveling by train.



Yuki Shimosaka

Rolling Stock Staff, Aboshi Branch,
WEST JAPAN RAILWAY TECHNOS CORPORATION

Keeping our employees safe

Measures to keep healthy and prevent infection

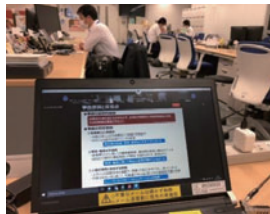
- Gargling, hand washing and disinfection
- Temperature checks before starting work



Temperature check at a call center
(JR West Customer Relations Co., Ltd.)

Measures to avoid the “Three Cs” of virus transmission during work

- Increased scope for home-based working, removal of upper limit on frequency of home-based working
- Installation of partitions in offices
- Enabling use of Group hotels and conference rooms, etc. for socially distanced working
- Holding online meetings, training, drills, etc.



An online drill

Measures in break rooms and accommodation facilities for workers staying overnight

- Ensuring proper use of bathrooms and bedrooms
- Making break rooms available and installing partitions
- Ensuring space for socially distanced work breaks
- Revised linen change frequency in accommodation
- Installation of ozone generators and air purifiers



Space disinfecting and deodorizing device
in accommodation

Basic Policy (3) Sustaining employment

To protect the working environment and employment of our staff supporting our operations, we have adopted a flexible approach including relaxing the conditions of various schemes and making employment adjustments.

Creating flexible structures and systems

To alleviate the burden on staff members who need to perform childcare or nursing care due to the temporary closure of schools and nursing care facilities, and to assist staff who are pregnant, we have implemented measures including partially expanded eligibility for leave and removing the conditions for taking leave, as well as flexible work systems.

- Partial relaxation of conditions for obtaining short-term leave
- Extension of long-term leave
- Removal of work start and end time limits in the flextime system
- Use of staggered attendance by staff in back-office departments

Employment adjustments

Despite the lifting of the state of emergency in May 2020, restrained movement between regions has led to a significant reduction in rail passengers.

Given the uncertain business outlook, we implemented a temporary leave scheme to prevent the spread of the virus among our employees while maintaining their employment, premised on ensuring safety and performing our role as a public railway transport organization. This scheme was carried out between May and July 2020 at stations where work volumes had fallen, for staff engaged as crew or in rolling stock management, and for staff in back offices.

Basic Policy (4) Sustaining the supply chain

As a social infrastructure company focused on railways, JR-West Group has connections with a wide range of partners, including materials suppliers, construction and maintenance partners, and tenant stores located beneath elevated tracks and in railway stations. We are quickly taking steps to ensure continued business with these partners in the future.

- We have adopted measures such as avoiding face-to-face meetings to ensure that work on railways (primarily maintenance) proceeds without interruption
- We are identifying manufacturing risk at suppliers resulting from the pandemic to ensure continuity of the railway business, so as to increase the diversity of procurement routes



An online construction meeting

Future risk management

Responding to a prolonged crisis

In Japan, there are repeated swings in the number of new novel coronavirus patients. Given that the pandemic is ongoing and there are still no signs of it coming to an end, we believe it is important to continue delivering safety and reassurance to our customers through the measures we are currently implementing. Additionally, it is important that our Group employees remain persistent in implementing infection prevention measures, keeping the continuity of the business in mind.

Preparing for the eventuality of widespread infection among our employees, we have also drawn up reduction plans in railway operations (plans to reduce the number of trains but keep them operating). In particular, bearing in mind concern about the threat posed by the coronavirus in the coming winter as well as the spread of seasonal colds and flu, we will continue with measures to ensure that our staff remain healthy and prevent the spread of the virus in workplaces.

Responding to the novel coronavirus pandemic

Soichiro Itai

General Manager of Corporate Ethics and Risk Management Department

What we have felt acutely in this novel coronavirus pandemic is the importance of preparing for a prolongation of infection prevention measures.

Based on our past experience, we stockpiled a certain level of provisions to prevent the spread of the virus, but it will soon be a year since we started tackling the virus, and besides physical provisions, the impact looks likely to be prolonged in various ways. Also, even if this novel coronavirus pandemic passes, a new virus could certainly emerge in the near future.

Based on the recognition that these infection prevention measures will be here for the longer term, and in preparation for a new virus, I feel that we need to review our infectious disease BCP, "New-Strain Influenza Countermeasures Action Plan."

As a social infrastructure Group that supports the daily lives of a large number of people, we recognize that business continuity is our mission, and we will focus our efforts on continuing to tackle the current novel coronavirus pandemic while preparing for a potential new pandemic.



Contributions to local communities

Structure for cooperation with local governments, providing donations and places for lodging

- HOTEL VISCHIO KYOTO has accepted virus patients as a hotel accommodating patients with minor symptoms
- We have provided medical protective masks, protective clothing and face guards to medical institutions and welfare facilities, etc. via local governments
- Regional souvenirs that could no longer be sold after shops were temporarily closed following the government's emergency declaration have been donated to local welfare facilities, etc.



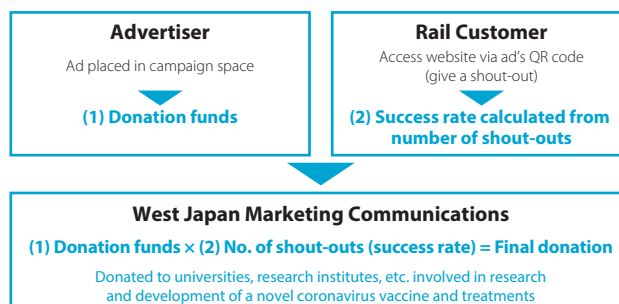
Donation to a local welfare facility (Japan Railway Service Net Hiroshima Company)

"Give a QR shout-out" project to support those fighting the coronavirus through transit advertising

West Japan Marketing Communications Inc. is running a campaign in which rail customers access a website via QR codes included in on-board and station posters, and convert the number of these QR "shout-outs" into monetary donations* (until March 28, 2021).



* For more information visit the following site (available in Japanese only): <https://qrdeyell.jp/>



Social trends during the novel coronavirus pandemic and JR-West Group's key initiatives

Trend in number of patients nationwide

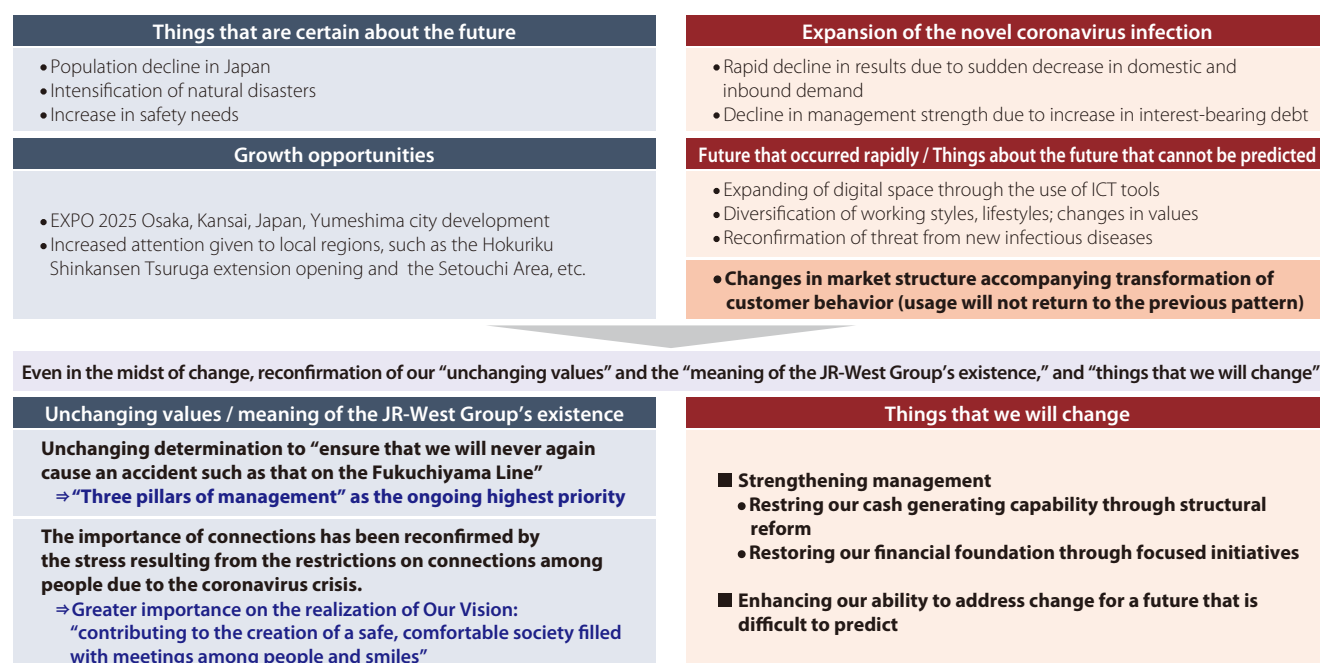
Social trends		JR-West Group's key initiatives	
	January	<ul style="list-style-type: none"> 15th: First coronavirus case confirmed in Japan 30th: Government sets up Novel Coronavirus Response Headquarters 	January <ul style="list-style-type: none"> 30th: Establishment of Novel Coronavirus-related Pneumonia Head Office Response Headquarters 30th: Staff serving customers are instructed to wear masks
	February	<ul style="list-style-type: none"> 27th: Government announces temporary closure of all elementary and junior high schools from March 2nd until spring holidays 	February <ul style="list-style-type: none"> From 25th: Start of on-board and station announcements calling for staggered work attendance and teleworking From 28th: Following government's call for school closure, temporary work-related measures commence, including relaxed conditions for accumulated leave and nursing leave
	March	<ul style="list-style-type: none"> 13th: Government applies the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response to the novel coronavirus 	March <ul style="list-style-type: none"> Regular disinfection work begins inside trains and at main stations Removal of ticket checks for non-reserved seats on Shinkansen trains where connecting directly to the Tokaido Shinkansen, and reserved seats on conventional line trains From 19th: Suspension of extra trains (Shinkansen and conventional line limited express)
	April	<ul style="list-style-type: none"> 7th: State of emergency announced for seven prefectures including Osaka, Hyogo, Fukuoka 16th: State of emergency extended to the whole of Japan 	April <ul style="list-style-type: none"> From 1st: Ceremony for new employees is suspended, a different method is adopted for new employees' training (from 8th: home-based learning) From 1st: Reduction of cars on "Haruka" limited express Following the emergency declaration, shopping centers including LUCUA Osaka, department stores, restaurants, souvenir shops and some hotels suspend business, and back-office staff work as a rule from home 10th: A return of directors' remuneration is announced Train crew start opening windows for increased ventilation From 24th: Work volumes at stations and crew offices are reduced and home-based working starts in order to tackle the "Three Cs" of virus transmission From 24th: Partial suspension of regular trains 25th: Cancellation of the memorial ceremony commemorating the derailment accident on the Fukuchiyama Line 27th: Decision to extend period of validity for shareholder discount vouchers
	May	<ul style="list-style-type: none"> 4th: Decision to extend state of emergency 14th: State of emergency is lifted in 39 prefectures 21st: State of emergency is lifted in 3 prefectures in Kansai, including Osaka 25th: State of emergency is lifted nationwide 	May <ul style="list-style-type: none"> From 11th: Reduction in services by "Nozomi" connecting directly to Tokaido Shinkansen and "Mizuho" and "Sakura" connecting directly to Kyushu Shinkansen From 16th: Around 1,400 staff per day are placed on temporary leave, including staff at stations, crew and back-office staff From 16th: Reduction in services by "Tsurugi" on the Hokuriku Shinkansen and conventional line limited express trains 21st: Issuance of domestic unsecured straight bond
	June	<ul style="list-style-type: none"> 19th: Restraint on movement between prefectures is relaxed nationwide 	June <ul style="list-style-type: none"> From 1st: Review of operating plans for the reduced-service Sanyo Shinkansen; "Nozomi" regular service fully resumes From 1st: Temporary leave scheme is extended to staff in the rolling stock division From 1st: Launch of limited-time sales of ticketless limited express tickets for joint use with commuter passes for ordinary car reserved seats on certain conventional line limited express trains Start of antibacterial treatment of all railcars on conventional lines From 4th: In cooperation with Kansai Railway Association and Kinki District Transport Bureau, a "request to customers" poster made jointly by railway operators is displayed at stations in the Kansai Urban Area From 13th: Review of operating plans for certain reduced-service regular trains; all regular services resume on the Sanyo Shinkansen, Hokuriku Shinkansen and conventional line limited express trains (but some regular "Haruka" services remain suspended) 23rd: Measures implemented to prevent the virus spread such as distancing between seats, etc.; 33rd Ordinary General Meeting of Shareholders is held 23rd: An additional return of directors' remuneration, etc. is announced
	July	<ul style="list-style-type: none"> From 22nd: The government's "Go To Travel" tourism campaign starts 	July <ul style="list-style-type: none"> 7th: Launch of off-peak family ticket (for use with e5489 service only) (available until August 24th) 31st: Revision of FY2022 hiring plan is announced 31st: 1Q FY2021 results (first loss in the company's history, both consolidated and non-consolidated basis)
	August	<ul style="list-style-type: none"> 7th: Number of people testing positive for the virus is a record 1,595 nationwide With fewer people returning home for the bon festival or going on trips, spending on travel and accommodation falls substantially compared with the previous year 	August <ul style="list-style-type: none"> 1st: Some sightseeing trains resume operation after a period of suspension 4th: Antiviral/antibacterial treatment of cars on the "Thunderbird" and "Shirasagi" trains is completed
	September	<ul style="list-style-type: none"> Many tourist spots are bustling again during the 4-day consecutive holiday 	September <ul style="list-style-type: none"> 16th: Revision of the FY2022 full-year earnings and dividend forecasts is announced
	October	<ul style="list-style-type: none"> From 1st: The government's "Go To Eat" dining out campaign starts 	October <ul style="list-style-type: none"> 2nd: Reply to labor union regarding revision of end-FY2021 bonus (year-end bonus) 30th: Revision of the JR-West Group Medium-Term Management Plan 2022 is announced

Strategy of Value Creation for Our Vision

—Revision of the JR-West Group Medium-Term Management Plan 2022—

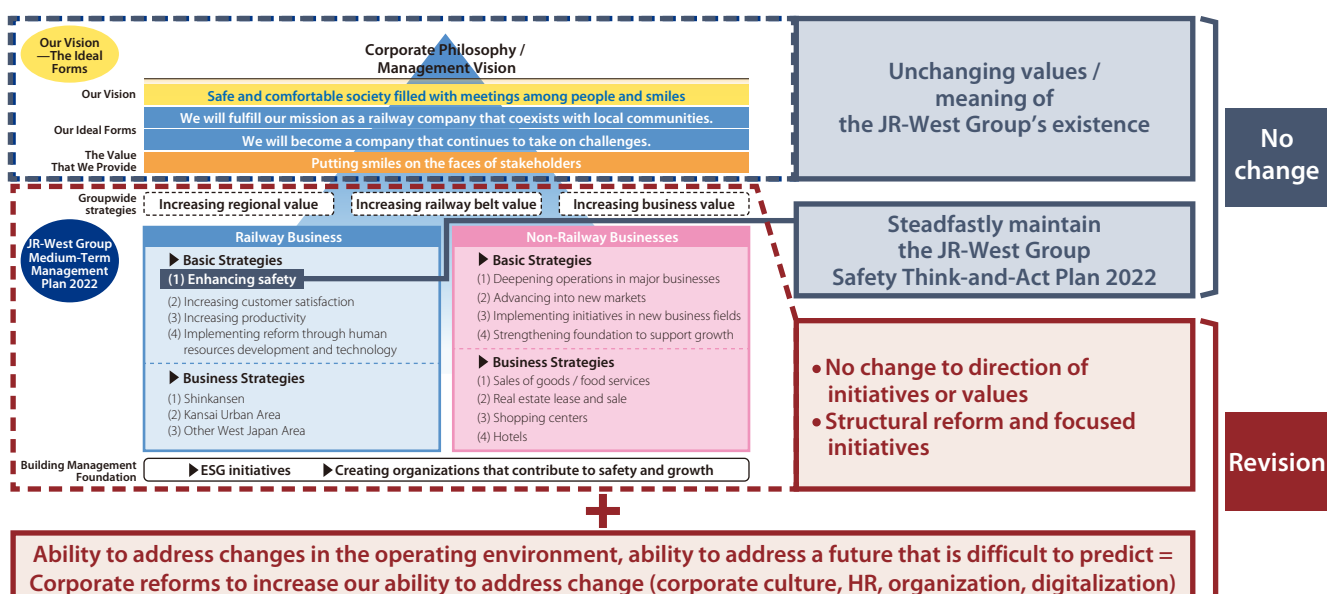
Background to the revision and direction

The JR-West Group has been significantly affected by the novel coronavirus pandemic, both in the railway and non-railway businesses. While population decline and environmental change continue apace, including increased severity of natural disasters, changes in society are likely to come sooner than anticipated. Together with shifts in customer behavior, this means that transportation revenue in the Group's core railway business is only likely to recover to around 90% of the pre-pandemic level. Premised on this situation, we have revised the JR-West Group Medium-Term Management Plan 2022 ("MTP 2022") as we seek to realize Our Vision and Ideals, restore our financial foundation over the medium- to long-term, make reforms in line with changes in society, and set a course for safety and growth.



With regard to the plan revision, Our Vision and Ideals, which we set out in the MTP 2022, represent the unchanging values and meaning of the JR-West Group's existence, and railway safety in our core business is at the heart of the Group's management. We therefore hold firm to the JR-West Group Railway Safety Think-and-Act Plan 2022, and will continue to promote safety improvement initiatives.

Premised on the unchanging direction of our initiatives and our unchanging values, we will prioritize structural reform and focused initiatives to obtain the maximum benefit from limited resources, while continuing to promote corporate reform to enhance our ability to address change.



Road map for management reconstruction and business structure reform

The current revision to our plan encompasses business reconstruction from the novel coronavirus pandemic and structural reform over three phases, and sets out our overall approach to the reform/reconstruction period through to fiscal 2028, as well as the direction of our financial strategy. At the same time, we have revised our management indices to fiscal 2023.

Our medium- to long-term strategy comprises reconstruction with the four objectives listed below as the axes. Throughout the period, we will work to enhance safety, deepen coexistence with local communities, and take on the challenge of creating new value, and with regard to strengthening management and reforming the Company to enhance our ability to address change, this will be tackled intensively in the reform/reconstruction period. This will lead to further development in the subsequent evolution/growth period.



Management Indices

As it is difficult to make forecasts for the near term, we have made estimates based on certain assumptions. Consequently, our plan will be revised as necessary based on progress with resolving the novel coronavirus pandemic. While our management indices in the final year of the medium-term management plan have been adjusted down compared with the initial targets, throughout the reform/reconstruction period we aim to rebuild organizations and human resources that will be a foundation for growth, restore management strengths, and then achieve further development in the evolution/growth period.

Management indices	Results for FY2018	FY2023 objectives (As of April 2018)	FY2023 objectives (October 2020 revision)
Consolidated operating revenues*	¥1,500.4 billion	¥1,630.0 billion	¥1,450.0 billion
Consolidated EBITDA	¥356.1 billion	¥400.0 billion	¥330.0 billion
Consolidated ROA	6.3%	Mid-6% range	Approx. 4%
(Reference) Consolidated ROE	11.3%	Approx. 10%	Approx. 9%
Transportation revenues	¥867.8 billion	¥890.0 billion	¥775.0 billion

* Does not include the effect of the application of "Accounting Standard for Revenue Recognition," etc.

* In regard to the target of ¥2 trillion in consolidated operating revenues by around 2030, we will reduce it temporarily, but throughout the reform/restoration period we will aim to build organizations, human resources, and management strengths that will be a foundation for growth and then to achieve further development in the evolution/growth period.

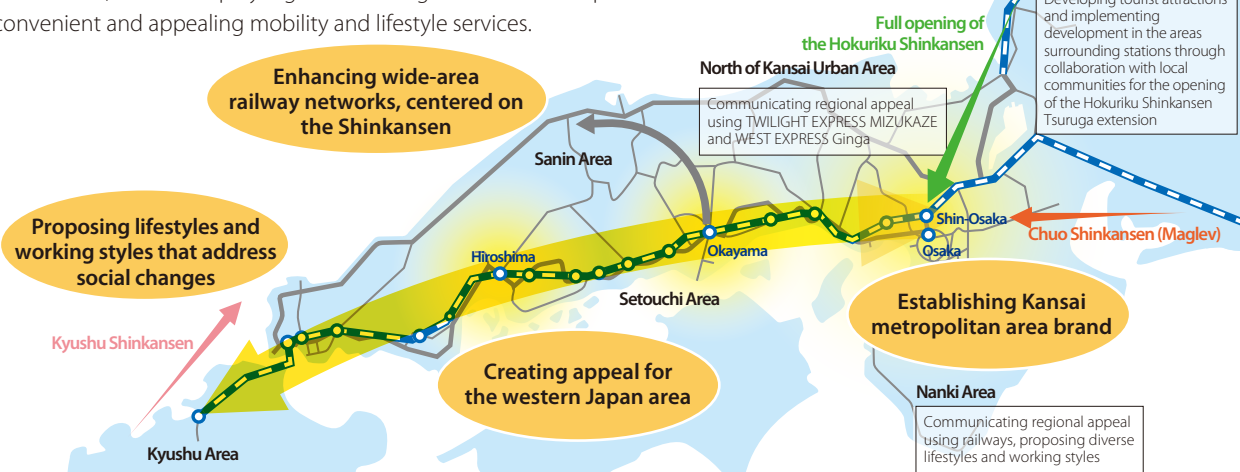
Working even more closely with local communities to build places where people want to visit and live

—Cultivating coexistence with local communities and creating new value—



The social and economic development of regional areas in a manner that promotes a decentralized society can be achieved by enhancing the local railway network, centered on the Shinkansen, and by further building places where people want to visit and live through fusion with lifestyle services rooted in the local community.

To realize this, we will employ digital technologies to create and provide even more convenient and appealing mobility and lifestyle services.



Improving the wide-area railway network, centered on the Shinkansen

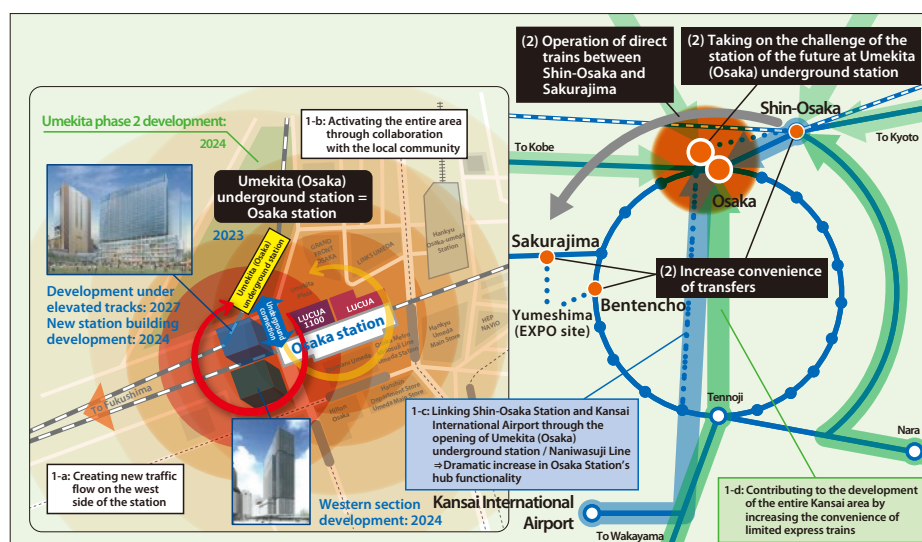
We will aim expand usage by building communities that people want to visit and live in, and by creating new value. In addition, we will further enhance the strengths of wide-area railway networks, centered on the Shinkansen, and provide safe, comfortable mobility spaces.

- Enhancing the convenience of the Sanyo Shinkansen by adding new N700S rolling stock
- Adding new W7 rolling stock for the opening of the Hokuriku Shinkansen Tsuruga extension
- Improving customer convenience by expanding ticketless services and enhancing the appeal of digital touchpoints through the use of apps



Establishing Kansai metropolitan area brand

We will advance “city development starting from stations,” beginning with Osaka Station, our largest terminal station, while addressing changes in the operating environment. In addition, we will leverage the opportunities presented by the EXPO 2025 Osaka, Kansai, Japan to enhance the convenience of the railway network in the Kansai metropolitan area and contribute to the development of the Kansai area.



Creating appeal for the other west Japan area

With the railway business, non-railway businesses, and local communities working together, we will roll-out content and promotions. Through these measures, we will take steps to enhance the wide-area tourism region and implement city development initiatives, centered on core regional cities. In these ways, we will work to create appeal for the other west Japan area and expand visitor and related populations.

Setouchi Palette Project

By creating wide-area tourist routes and providing enhanced content that draws on local industry and culture, we aim to create multi-layered areas where people can discover new appeal each time they visit, and make the Setouchi Area into one large tourism area that people visit time and again.



● Enhancing appeal by establishing wide-area tourism bases and accommodations

- Okayama/Uno/Kojima area
 - Setouchi GLAMPING
 - Sun Station Terrace Okayama
 - Uno Station, etc.
- Hiroshima/Mihara/Takehara area
 - Hiroshima Station building
 - Mihara Station
 - Accommodation facilities in refurbished historic houses, etc.



Setouchi GLAMPING

● Operating sightseeing trains that create appealing travel routes by connecting stations with tourist spots

Sightseeing train etSETOr, which began operation in October 2020



● Enhancing world-renowned island beauty as a tourism resource

We are building a new wide-area tourist route combining railways with cruise ships, by utilizing and developing the sea routes around the string of islands in the Setouchi area. This will connect local tourism resources—not just the areas alongside railway lines, but also the ports and islands where cruise ships call—and make for even more appealing trips.



The high-speed tourist cruiser SEA SPICA, which began operation in September 2020

Proposing lifestyles and working styles that address social changes

Validation testing of Life Subscription integration

Background

In recent years, the term “related population”^{*} has gained attention as a term referring to people who are not visitors or permanent residents, but who continually interact with a particular local area and its people in various forms. It is hoped that they will become a new vehicle for revitalizing local areas. In addition, with the coronavirus pandemic precipitating dramatic changes in society, lifestyles—including work styles—are becoming increasingly diverse, as seen for example with the spread of teleworking. Given these conditions, new lifestyles such as multi-location living and workations are drawing interest.

Strategy and social significance

To create new lifestyle value, we have partnered with ADDRESS Co., Ltd. and KabuK Style Inc., which provide residence

subscription services, and have started testing a service whereby products such as round trip tickets are added to a residence subscription.

As well as aiming to create new markets associated with related populations, we are supporting the realization of a decentralized society and regional development initiatives.

The joint vision of our Group and local communities

We are working to develop services that make new lifestyles such as multi-location living and workations more accessible to people, thereby further revitalizing the western Japan area.



^{*} Related population: A segment of people who continually visit and stay in a specific region other than their region of residence, whose lifestyle involves connections with that region.

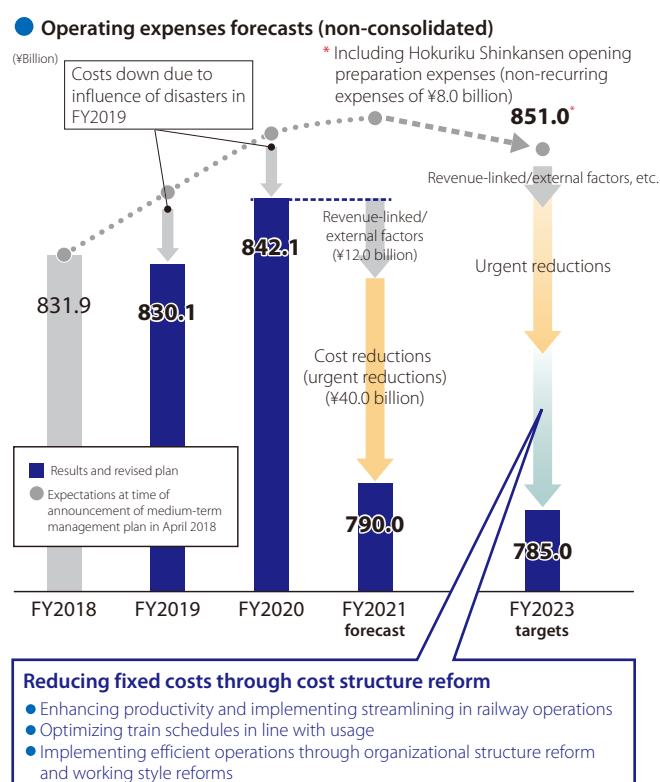
Strengthening management

	Railway Business	Non-Railway Businesses
Enhancing coexistence with local communities (focused initiatives)	Building communities that people want to visit and live in (enhancing regional value / railway belt value) <ul style="list-style-type: none"> ● Enhancing wide-area railway networks, centered on the Shinkansen ● Creating lifestyle services with close ties to local communities 	
	Establishing Kansai Metropolitan Area Brand	
	Creating appeal for the western Japan area: Setouchi Palette Project, etc.	
New value creation	<ul style="list-style-type: none"> ● Identifying and achieving the optimal regional transportation system * We will work together with local communities to identify new transportation systems that meet local needs and are sustainable, while leveraging capabilities in innovation. 	<ul style="list-style-type: none"> ● Implementing sustainable city-development initiatives by diversifying business schemes and participating in collaborative enterprises and redevelopment projects ● Advancing the development of commercial facilities with close ties to lifestyles
	Creating convenient, appealing mobility and lifestyle services that are aligned with individual customer needs (ICOCA, MaaS, seamless cooperation with Internet reservation services, sharing of memberships/points, effectively using data, etc.)	
Cost structure reform (reducing fixed costs)	Providing services to address new needs ("JR West + Life subscription," opening up markets for teleworking/workation bases, etc.)	
	<input type="checkbox"/> Enhancing productivity* and implementing streamlining in railway operations (* Maintenance system change centered on the establishment of CBM (see page 27), revising station sales systems, etc.) <input type="checkbox"/> Optimizing train schedules in line with usage <input type="checkbox"/> Implementing efficient operations through organizational structure reform and working style reforms	<input type="checkbox"/> Rapidly reevaluating business portfolio (Implementing withdrawals, exchanges, and reductions at unprofitable stores; implementing asset recombinations, etc.) <input type="checkbox"/> Increasing efficiency by reevaluating business processes (Thoroughly reevaluating operating systems/costs, etc.)

We will enhance coexistence with local communities and implement new value creation to secure revenues, and to "strengthen management," we will advance cost structure reform.

In particular, the reduction of fixed costs in the railway business is a major point of the recent revision to our plan, and we aim to cut operating expenses through measures such as enhancing productivity and implementing streamlining in the railway operations. We aim to realize a business structure that enables us to secure profits in a stable manner, even with transportation revenue at around 90% of the level before the novel coronavirus pandemic, through fixed cost reductions.

We are aiming for cost reductions of approximately ¥40.0 billion on a non-consolidated basis in fiscal 2021. Wherever measures can be maintained, we will continue to control costs. In addition to these urgent reductions, we will maintain fixed cost reductions through the implementation of cost structure reform.



Corporate reform to enhance our ability address change



Corporate culture reform, human resources, organization

As a company operating in a sector where the future is difficult to predict, continued growth requires a bold approach on two fronts: in existing business fields, making operational improvements and deepening strengths; and in new business fields, securing new opportunities and developing areas in response to environmental changes. What is important is to interact with a wide range of people and business partners, and generate innovation through a process of trial and error. We recognize that our human resources are key to realizing this goal, and we will continue to build a foundation that enables the organization and human resources to meet change and grow together, focused on maximizing each person's potential and creating a place for personal growth.

- Transformation into a corporate culture of boldly tackling uncertainty
- Building a corporate culture in which a diversity of human resources flourish, respect one another, and mutually enhance their abilities; and supporting further growth
- Building an organization and systems with the ability to execute and adapt to change, thereby strengthening Group management

Promoting the JR West Group's Digital Strategy

For JR-West Group to continue fulfilling its role and mission as "a railway company that coexists with local communities," we will need to use digital technology to optimize the wealth of customer and operational data we have accumulated to date, and create new value in areas such as generating demand by providing services that meet diversifying needs, and enhancing productivity. And through this process, to push forward with Group operational reforms. Accordingly, in October 2020 we formulated the "JR-West Group's Digital Strategy" and are working cross-functionally and rapidly to realize the following three forms of "rebuilding."

- (1) Rebuilding the customer experience (Determining the best approach to services that address customer needs)
- (2) Rebuilding railway systems (Realizing the Technology Vision)
- (3) Rebuilding the employee experience (Working-style reform)

Future vision of the JR-West Group's Digital Strategy

In realizing this strategy, we aim to create new value through services that transcend the boundaries between different regions and businesses, as digital technology connects the JR-West Group with society and our stakeholders. This will lead to "a safe and comfortable society filled with meetings among people and smiles."

● JR-West Group's Digital strategy pillars—3 things to be rebuilt—

Effectively using digital technologies and Group data (Enhancing data usage platform, etc.)	Unifying the Group / Collaborating with external partners (Membership / Point sharing)	Ability to address change / Ability to foster innovation (Culture x Organization / Framework x Human resources)
(1) Rebuilding the customer experience (Determining the best approach to services that address customer needs)	● Unifying all of the JR-West Group's services, collaborating with external partners ⇒Continually providing new value in line with the needs of individual customers ⇒Enhancing services with MaaS* apps (WESTER, setowa), mobile ICOCA (provisional name), e5489, etc.	
(2) Rebuilding railway systems (Realizing the Technology Vision)	● Building sustainable railway systems, pursuing further safety enhancement / stable transportation ⇒Taking on the challenges of operational reform and maintenance system change (CBM)	
(3) Rebuilding the employee experience (Working-style reform)	● Advancing digitalization / ICT usage in the working environment ⇒Employee working style reforms (enhancing motivation, creating frameworks that generate results in an efficient, high-frequency manner)	

● Our Vision for the JR-West Group's Digital Strategy

Realizing a safe, comfortable society filled with connections among people and smiles by creating new value through the use of digital technology to link the Group with external partners



* MaaS (Mobility as a Service) at JR-West Group: A service that not only combines multiple transportation means to provide seamless mobility, but also enhances lifestyle services and helps to resolve regional issues

Strategy of Value Creation for Our Vision —Revision of JR-West Group Medium-Term Management Plan 2022— Corporate reform to enhance adaptability

Rebuilding the customer experience

Realizing convenient and appealing mobility/lifestyle services

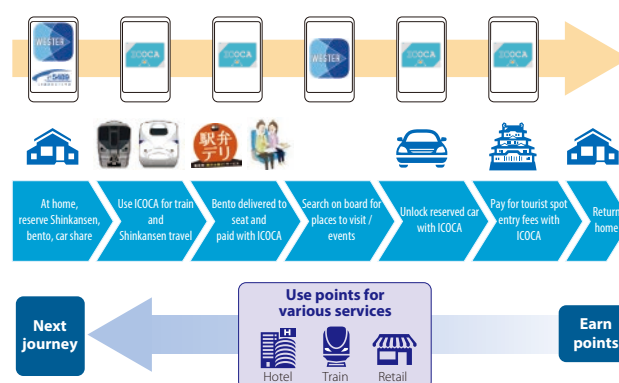
As personal tastes diversify and people increasingly gather information on smartphones, an approach that is geared toward each individual is now needed.

Based on analyses of data including customer age and gender, we will promote initiatives that integrate with each customer's travel style and services to enhance their convenience. This includes providing destination information and coupons through the MaaS apps WESTER and setowa; and "stamp rallies" (stamp-collecting campaigns) via the shopping center points app WESPO, tailored to the customer's own preferences.

Looking to the future, we will help to further invigorate the western Japan area through circular, continuous services that integrate existing reservation services with MaaS apps that

provide customer touchpoints and mobile ICOCA (provisional name), which is scheduled to launch in spring 2023.

Visual image of circular, continuous services using mobile ICOCA (provisional name) and MaaS

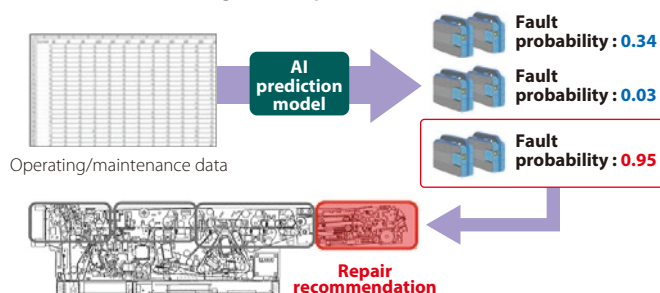


Rebuilding railway systems

Promoting maintenance system change

Recently, we have been working to implement CBM,* which employs rapidly evolving AI and IoT technologies to continuously monitor the state of various equipment. Instead of the conventional style of routine inspections and replacing obsolete equipment, this method enables appropriate maintenance to be carried out in a timely manner through early abnormality detection and fault prediction. In turn, this enhances safety and efficiency without any drop in railway equipment quality.

Automated ticket gate fault prediction flow



A fault prediction AI model is built based on the maintenance data, and instead of repair after a fault has occurred (the previous method), pre-emptive action can be taken.

*Condition Based Maintenance (CBM): A preventive maintenance approach whereby the state of equipment is constantly monitored/identified and maintenance is only carried out when necessary, realizing both quality and efficiency.

Aiming for operational reform using maintenance data

Atsushi Matsuda

Innovation Department (now Digital Solution Headquarters)

From my experience of railway equipment maintenance and drawing up maintenance plans, I felt that we needed to optimize systems and processes to achieve long-term sustainability of railway systems. The use of data-based fault prediction and image recognition is making it possible for us to carry out safer inspections than before, at the appropriate frequency.

For example, each automated ticket gate continually accumulates a huge volume of log data, and we use this data to predict faults, making it possible to extend the maintenance frequency from once every 1–3 months to half-yearly. At the same time, we can reduce the actual number of faults and improve customer satisfaction as well.

Also, systems for detecting abnormalities on railway lines using images captured by a specialist inspection railcar make it possible to reduce the number of walking inspections of lines.

The novel coronavirus pandemic has led to a decrease in the use of trains sooner than expected, and the need to cut the maintenance-related workload is only growing. Working together with related

parties to implement the above methods with a sense of urgency, I hope to achieve improved productivity and reform of railway operations.



Financial Strategies

Financial strategies

To continue to fulfill our mission as an infrastructure company, even in the event of a disaster, such as a new infectious disease or a natural catastrophe, and to enhance our ability to address change and achieve further growth through this, it is essential that we restore our financial foundation as soon as possible. To realize this goal, we aim to restore the D/E ratio to approximately 1 by the end of the reform/reconstruction period (end of FY2028).

The priority order for use of cash during the reform/reconstruction period is (1) safety capex, and (2) debt reduction, capex for growth, and shareholder returns. With safety capex as the top priority in our core railway business, the focus is on quickly reducing debt, and our basic policy is to realize more effective capex for growth and implement stable shareholder returns over the long term.

We will review the details of the reform/restoration period (phase 2), while taking this policy into account, in conjunction with the specific plans formulated in the next medium-term management plan.

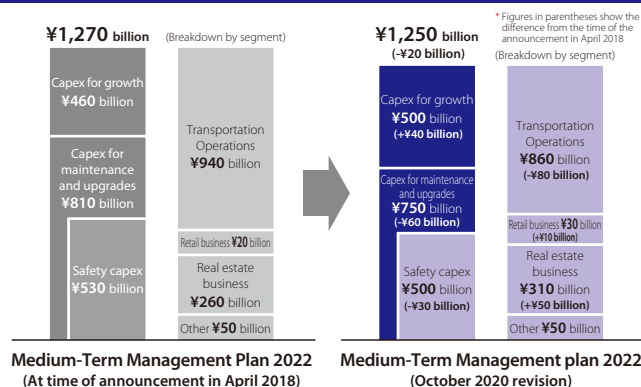


Capital investment

With regard to our consolidated capital expenditure plan, we are projecting ¥1,250 billion over five years.

We will control the total amount of investment in safety to a certain extent, but we will steadily advance the investment necessary to enhance safety.

Although there will be some increase in growth investment in the real estate business, including further advancing development of strategic stations, we expect a reduction of ¥20 billion compared with our original plan due to factors including adjustments to the timing of obsolete equipment replacement at the non-consolidated level, and adjustments to project construction schedules.

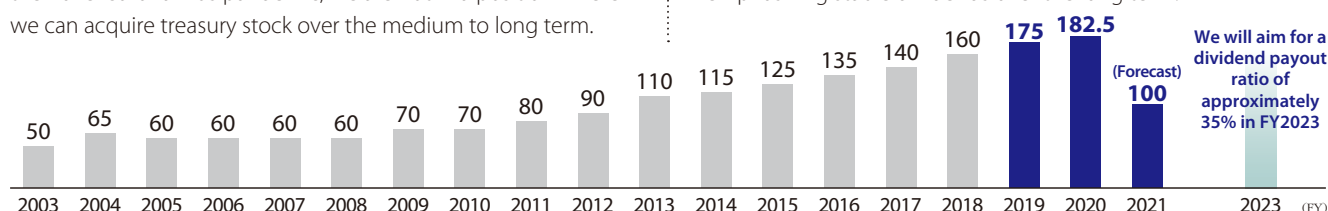


Shareholder return

We have a basic policy of stable dividends over the long term, and we will maintain a policy of aiming for a dividend payout ratio of approximately 35% in fiscal 2023. On the other hand, to restore our financial foundation, which has been damaged by the novel coronavirus pandemic, we are not in a position where we can acquire treasury stock over the medium to long term.

Accordingly, we decided that we had to withdraw the policy regarding the cumulative total return ratio of approximately 40%.

While we are forecasting a loss in fiscal 2021, we plan to pay dividends of ¥100 per share, in consideration of our policy of emphasizing stable dividends over the long term.



Global environment



Looking ahead to the next 30 years of environmental change

Responsibility for the global environment and our strengths

Amid growing interest in the Sustainable Development Goals (SDGs) and dramatic change in the corporate business environment, in 2020 the Paris Agreement gathered momentum and companies are now expected to voluntarily adopt initiatives to protect the global environment, in areas including energy, natural resources and biodiversity. Spurred on by the EXPO 2025 OSAKA, KANSAI, JAPAN, the Kansai region in particular is likely to become the focus of further calls for companies to take a lead in addressing environmental issues.

Railways have good energy efficiency and are environmentally sound compared to other modes of transportation. However, as moves toward a post-carbon, circular society accelerate, our responsibility as a Group that uses a significant amount of energy to provide transportation services will only increase. We also recognize that the whole Group must work together to resolve environmental challenges associated with business sustainability, including addressing increasingly severe natural disasters and making effective use of sustainable natural resources.

At the same time, JR-West Group is uniquely positioned to help reduce CO₂ emissions across the entire transportation network by encouraging even more customers choose to travel by rail, which has a low environmental footprint. The whole Group is committed to working together to protect the global environment and contribute to the realization of a society in which sustainable development is possible.

Steadily advancing initiatives to achieve environmental targets

As well as our existing initiatives such as making further energy savings in railcars and station facilities, promoting low-energy operation of trains, and recycling and other measures to build a circular society, we are promoting initiatives to cut waste, including reducing food loss. We are also working hard to achieve the environmental targets established in conjunction with the JR-West Group Medium-Term Management Plan 2022, including mitigating the impact of our operations on the natural environment and ecosystems.

It goes without saying that we will need to continue steadily achieving our environmental targets, while also deepening consideration from a long-term perspective, incorporating the supply chain.

Setting even higher targets to help realize a post-carbon, circular society

We recognize that in future, we will need to formulate longer term targets and strategies, and deepen environmental consideration in the supply chain. We will contribute to realizing a circular society through mitigation¹ and adaptation² initiatives that take account of climate change over the medium- to long-term, and measures to eliminate plastics and cut food loss, including in the supply chain.

The novel coronavirus pandemic has already brought about a shift to a “new normal.” Looking ahead to changes in the business environment that will occur over the next 30 years, we will continue to draw on our strengths as we protect the global environment and help to realize a sustainable society through our business activities.

¹ Mitigation: Action to reduce and offset greenhouse gas emissions

² Adaptation: Preventing and reducing the impacts of climate change, and promoting use of the new climate conditions

Environmental targets

Energy consumption intensity (vs. FY2014)* FY2023 target FY2020 actual −3.0% −4.1%	Percentage of energy-efficient railcars FY2023 target FY2020 actual 88.0% 89.2%	Station and onboard garbage (recyclable) recycling rate FY2023 target FY2020 actual 96.0% 99.3%
Railway material recycling rate (facility construction) FY2023 target FY2020 actual 97.0% 98.6%	Railway material recycling rate (rolling stock) FY2023 target FY2020 actual 92.0% 95.5%	Promote environmentally friendly stations and office facilities

* One unit is the amount of energy used to move a train car one kilometer. Tracking these units enables us to gauge our energy efficiency

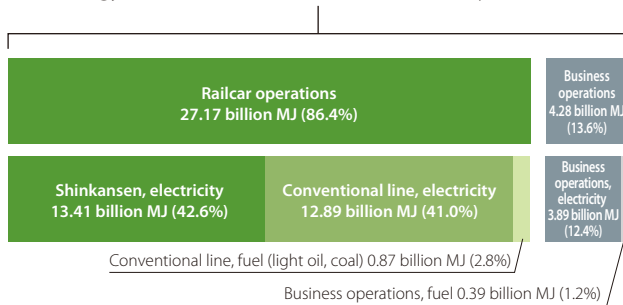
Encouraging Think-and-Act eco-mindsets among individual employees

Promoting energy-saving operation by enhancing driving skills

Energy-saving driving involves reducing the time trains spend accelerating, as much as possible, in order to save the significant amount of energy expended, while lengthening the distance traveled using inertia, thereby cutting energy consumption. To help reduce the energy used for train

● JR-West overall energy consumption in the railway business (FY2020)

Total energy consumed **31.45 billion MJ** (o/w electricity: 30.18 billion MJ)



operation, which accounts for most energy consumption in our railway business, we will introduce highly energy-efficient trains while also striving to achieve energy-saving driving.

We have drawn up manuals stipulating details including the timing of acceleration and braking within the travel time between different stations, and improving the operating skills of drivers will result in energy savings. When drawing up these manuals, discussions in the workplace provide an opportunity for the drivers to share their own skills and devise ways of improving driving techniques. This results in optimal driving methods, in terms of safety and travel comfort as well as energy conservation. We are also promoting a system that enhances driving skills in a spirit of friendly competition, with each driver disclosing their own driving skills on a forum within the internal network.

The promotion of energy-saving driving by each employee helps to reduce the energy consumed for train operation without relying solely on the energy-saving performance of trains or equipment.

Making energy-saving driving part of the workplace DNA

Yasuhiro Hanato

Train Driver, Morinomiya Train Driver's Unit, Osaka Branch,
Kansai Urban Area Regional Head Office

We verify the optimal energy-saving driving methods and create inter-station manuals.

While it's possible to make desktop calculations using operation data output by the train, even a difference of a few seconds in actual operation leads to wide differences in driving methods. Because of this, the manuals are created based on trial-and-error feedback from many drivers, with adjustments being made to the theoretical figures.

The hard part is making sure everyone is familiar with the manual. Simply enforcing driving in accordance with the manual doesn't allow the driver to incorporate their own experience and ideas. While using the manual as a guide, we do things like raising the topic in conversation so that each person repeats their own process of trial and error, and we regularly establish inter-station segments in which to strengthen energy-saving operation, and inform drivers about this. After 10 years of steady activities, I feel that energy-saving operation has now become part of the workplace's DNA.



Going forward, we will keep up our efforts to make further advances in energy-saving operation, using driving data to encourage quantitative improvements at the individual level.

Sharing expertise to improve Shinkansen team skills

Shinya Takechi

Train Driver, Osaka Shinkansen Driver's Unit,
Shinkansen Operations Division

With safety at the foundation, we are working hard to achieve energy-saving operation while taking into consideration factors such as the weather conditions and the operation status of other trains. To improve my own energy-saving driving skills, I review my own experience and repeat a process of trial and error by exchanging information with my colleagues, and in this way, I've built up expertise in this area.



I think it's important for more and more drivers to promote energy-saving driving, and I actively share related information with my colleagues and encourage them to consult with me.

I've also been able to use the forum on the internal network to share expertise with other workplaces. Also, we receive feedback from the back-office section about energy consumption volumes, and knowing how we're helping to protect the environment acts as further encouragement. The Shinkansen team will continue working together to practice energy-saving operation, through cooperation both within our own workplace and with other sections.

Initiatives to prevent global warming (energy-saving)

Eco stations

Active use of the Eco Station Design Guidelines

Efforts in recent years to make our stations more accessible with barrier-free facilities and safer with automated platform gates have tended to increase the amount of electricity needed to operate the stations. To address this, we created our own Eco Station Design Guidelines in order to define the “eco station” and share environmental awareness. As a result, employees from different departments/divisions are able to share awareness of eco stations, and we are promoting the building of comfortable, environmentally sound eco stations with features such as energy-saving lighting, solar power generation, rainwater use and green roofs.

The JR Kobe Line’s Maya Station, which opened for operation in March 2016, operates on roughly half the amount of electricity of other stations of its size. Going forward, we will seize opportunities to open and enhance stations, and continue in our efforts to realize eco stations while actively employing the Guidelines.



Eco Station Design Guidelines

Realization of Zero Energy Station (ZES)

In December 2019, Higashihama Station on the San-in Main Line, which is a stop for the Twilight Express Mizukaze luxury train, became the Company’s first Zero Energy Station (ZES). The ZES is a type of station defined by the Company that only uses natural energy to power station equipment on sunny days,* such as lighting and air conditioning. A solar cell and storage battery installed near the station building provide the entire power needed for the station’s equipment, equivalent to around two typical households (20 kWh/day).



Solar cell powering a ZES

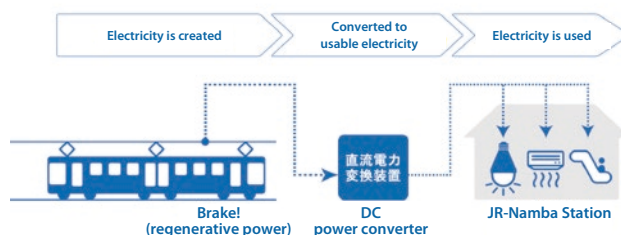
* Sunny day: A day on which the hours of sunlight are at least 40% of the possible hours of sunlight (sunrise to sunset) (Japan Meteorological Agency definition)

Active use of regenerative electric power

In February 2020, following on from Maya Station, we installed a second DC power converter at JR-Namba Station on the Yamatoji Line. JR-Namba is an underground station that is constantly in operation, day and night. This device converts the regenerative power (direct current) generated by train braking into power (alternating current) that can be used by the station, and by making effective use of the power lost as heat, energy

usage is cut by the equivalent of around 40 typical households (400kWh/day). An eco monitor installed close to the ticket gate also allows customers to see the energy conservation benefits.

Visual image of regenerative power use



Eco monitor



Working to create environment- and employee-friendly equipment

Yohei Sonoda

Innovation Department
(now Assistant Manager, Fukui Electric Construction Office)

However small its impact on the environment, equipment that requires complex construction or maintenance is not desirable. When designing Higashihama Station, we coordinated the specifications and configuration of the facilities through a dialogue with local operations, Group companies and partner companies in order to minimize the impact of construction work and future maintenance. Since the press release, we have also received more inquiries from other companies. I can really sense how these initiatives have been propelled forward.

When deploying additional eco stations in the future, it will be important to broaden our vision by rethinking the approach to the equipment itself in order to achieve a total reduction in energy, rather than simply switching to equipment with low power consumption. Besides energy conservation, my aim is for us to develop technology that can resolve multiple issues at the same time, including saving labor.



Contributing to a circular economy (resource preservation)

Cutting food losses to as close to zero as possible

At Hotel Granvia Okayama Co., Ltd, a large number of meals are served at banquets and in the restaurant. In an initiative to cut food waste that started in 2010, we ask customers in detail beforehand about the type and quantity of food they require for their banquet, and the restaurant then orders an appropriate quantity based on the envisaged food preferences and volumes, taking into account factors such as the age range of the guests. Methods are also devised to make sure that just the right amount of food is served without any being left over: for example, only taking out and preparing the required quantities of ingredients, which are stored in small portions, based on the number of people on the day and the volume of food remaining. In addition, information is provided to customers about the 3010 Movement,* which aims to reduce the volume of leftovers, and all staff are making concerted efforts to cut food loss.

In order to make more effective use of food waste in future, we will deliver food waste to a biomass power generation facility that a local operator plans to launch in 2021, to be employed in biomass power generation using methane fermentation. With this initiative, we hope to recycle 100% of food waste. We will continue working hard to cut food losses to as close to zero as possible.

* 3010 Movement: A campaign that aims to reduce the amount of food waste at banquets and parties. It encourages guests to establish a time specifically for eating and enjoying the food that is served, in the first 30 minutes and final 10 minutes of the event.

Cutting food loss through collaboration and ingenuity

Shota Takahashi

Chief of Planning Section, Planning Department,
HOTEL GRANVIA OKAYAMA CO., LTD.

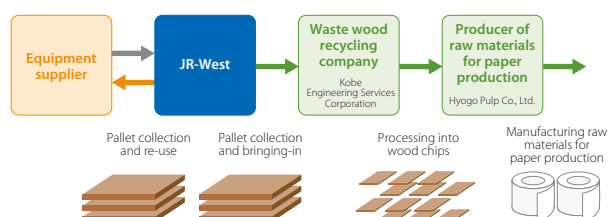
Our company is organized with reducing food loss in mind. For example, we have a Preparation Department, which is rare for hotels of this size. However, for this to be effective in practice, it is essential for information to be shared quickly and accurately between departments, and for each employee to devise their own creative methods. When we started this initiative 10 years ago, the Sales Department didn't ask customers in detail about their food requests, and the Cooking Department had insufficient awareness of the cost of ingredients. I provided information about the social importance of cutting food loss, as well as the reductions achieved in electricity, gas and waste, using notice boards and other means, and encouraged each individual employee to implement the initiatives being tackled throughout the hotel. This has been an accumulation of slow and steady efforts, and in fiscal 2020 we reduced food waste by about 35% compared with fiscal 2011. Currently,

there are fewer banquets and parties taking place due to the coronavirus pandemic, but we intend to think about what we can do now and take action accordingly.



Recycling and reuse in cooperation with the supply chain and local businesses

Business partners who supply materials/equipment used in the Group's railway business are asked to protect the environment in their business activities and cooperate with our Green Procurement Guidelines. As well as the supply chain, we are working with local businesses to re-use the wooden pallets used to transport equipment for the railway business, or to recycle them as the raw material for pulp production. In this way, we are making effective use of resources while cutting costs.



Helping to build resource circulation systems in cooperation with communities

Akinobu Kato

Manager, Finance Department



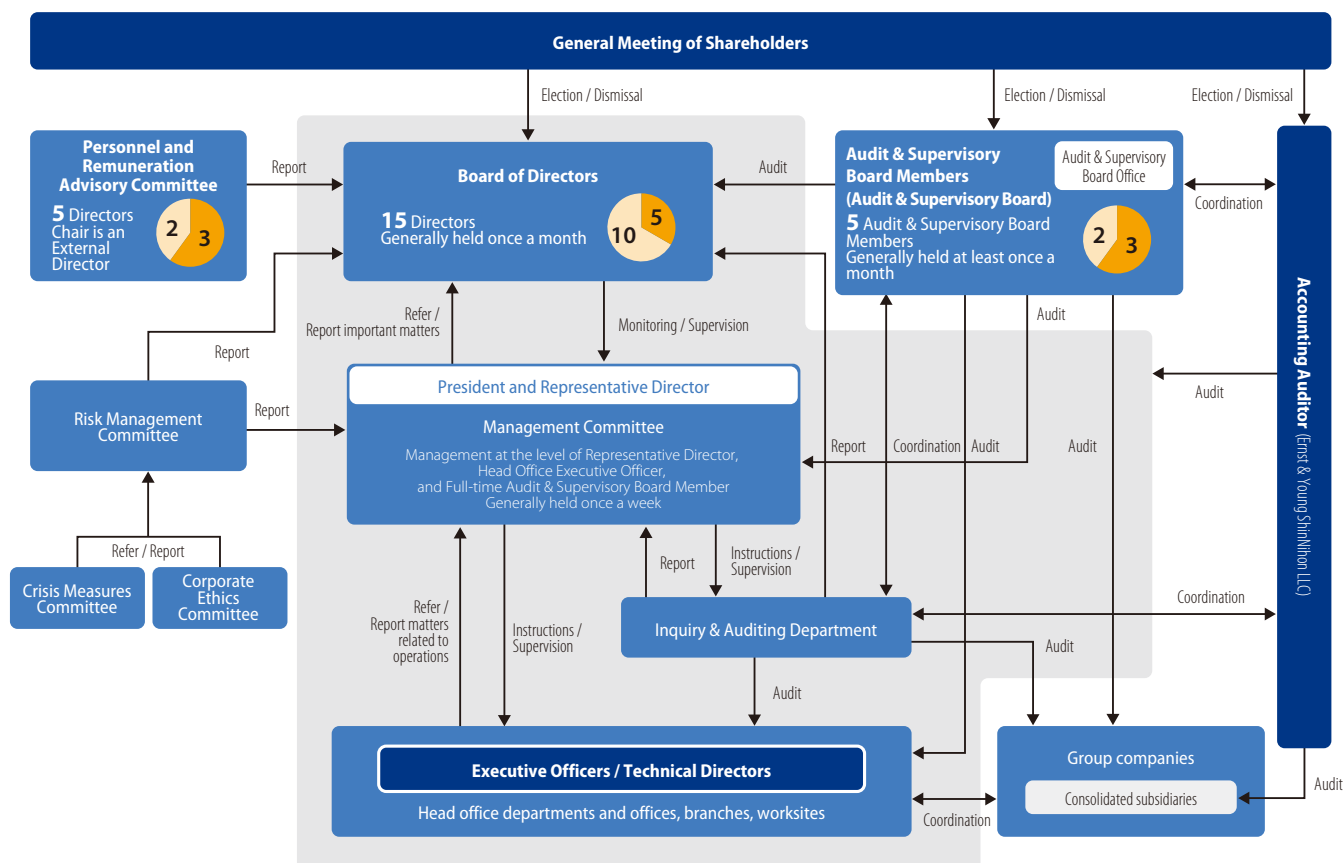
Wooden pallets have occasionally been incinerated, which has both an environmental and economic impact. To address this, we collect wooden pallets from local work units and Group companies affiliated with the Truck and Structure division, and recycle them as wood chips for pulp production in cooperation with related business operators, thereby mitigating the environmental impact. Also, in collaboration with Kyodo Printing Co., Ltd., who supply us with train tickets, we are promoting effective use of resources, such as re-using the wooden pallets used to deliver products, wherever possible.

Consideration for the environment is an important issue, but it means little without sustainable systems. Having pursued cost benefits in our day-to-day operations, we have achieved a cost reduction of around 80%. We aim to expand our initiatives to other divisions and promote the inclusion of the supply chain in these initiatives, and over time help to build resource circulation systems in cooperation with local communities.

Corporate governance

Key features of JR-West Corporate Governance

- 1 As a Company with Audit & Supervisory Board Members, five of the 15 directors are independent External Directors.
- 2 Adoption of an executive officer system accelerates decision-making and business execution.
- 3 Audit & Supervisory Board Members audit the execution of business by Directors in accordance with the auditing policies and audit plan prepared by the Audit & Supervisory Board. They strengthen collaboration with External Directors, including auditing visits of branch offices and worksites.
- 4 A Personnel and Remuneration Advisory Committee has been established as an advisory body to the Board of Directors, in which a majority of the members are External Directors. This ensures objectivity, fairness and reliability in relation to the personnel affairs and remuneration of directors.
- 5 In addition to the above, we are advancing initiatives in the spirit of the Corporate Governance Code, such as enhancing the effectiveness of the Board of Directors and disclosing information in an appropriate and timely manner.



Note 1: The pie chart shows the attributes for the members of each committee. Figures indicate the number of people. Color shading is as follows:

● External Director / External Member ● Internal Director / Internal Member

Note 2: ■ denotes audit scope of the Accounting Auditor

Evaluation of the Board of Directors and efforts to improve effectiveness

The Board of Directors of the Company develops and improves the environment to ensure that the appropriate risk-taking is carried out, and fulfills its duties including highly effective monitoring and supervision. The Board of Directors continues to maintain and improve its effectiveness, including by enhancing the structure for

conveying information to external directors (such as site surveys and liaison meetings led by external directors), sharing the details of Board discussions within the company, and conducting interviews with all directors concerning the composition and operation of the Board.

Message from external directors

We asked five external directors, who are helping to strengthen corporate governance to enhance the Group's value over the medium- to long-term, about the Group's current challenges and future prospects, including how they view their own roles.

Executive management personnel affairs and remuneration are at the heart of corporate governance

In December 2019, we established the Personnel and Remuneration Advisory Committee (referred to below as "the Committee"), replacing the previous Remuneration Advisory Committee, to enhance transparency and objectivity in relation to the remuneration and personnel affairs of executive management.

The dedicated work of each director and employee in their respective positions is the basis for strengthening and improving corporate governance for the Company's sustainable growth and the medium- to long-term enhancement of corporate value. Within this, however, the decisions and actions of executive management are a decisive element in achieving the organization's goals. For this reason, we regard executive management personnel affairs and remuneration as a crucial element of corporate governance, and we view the mission of the Committee—which considers these matters—as extremely important.

Intense efforts to improve areas including objectivity, through active discussion

The Personnel and Remuneration Advisory Committee repeatedly discusses matters that the Board of Directors asks us to consider, and reports each time a definite plan is formed. Specifically, with regard to the basic policy pertaining to the personnel affairs and remuneration of directors, we have discussed a range of topics, such as the policy and standards for electing representative directors, and the approach to basic remuneration and performance evaluation remuneration.

Based on the proposals made by the secretariat, each committee member actively asks questions and states their opinion, and external committee members in particular ask questions about the approach to the proposals and the evidential data, actively giving their opinions including requests aimed at further enhancement. If initial discussions do not lead to a conclusion and more in-depth consideration is deemed necessary, matters are occasionally carried over to the next session. In this way, the committee members make dedicated efforts to stimulate deliberations and enhance the objectivity, fairness and reliability in personnel affairs and remuneration.

At the same time, since the Committee is still relatively new, there is also an element of trial and error on the part of the committee members, and we continue to improve our deliberations.

Objectively confirming plans to develop candidate executive managers

The essential role of the Committee is to check whether personnel affairs and remuneration are being conducted appropriately based on policies and standards, and we will continue to consider the formulation of basic policies such as plans to develop the next generation of senior management (the succession plan).

In this process, external directors have somewhat limited opportunities to interact directly with candidates for executive

Norihiko Saito

External Director
Chair of Personnel Affairs & Remuneration Advisory Committee

In 1970, joined The Kansai Electric Power Company, Incorporated. After serving in positions including Manager and Director, he was appointed Vice President and Representative Director in 2005, before leaving in 2011. The same year, he was appointed Chairman and Representative Director of Kinden Corporation, leaving in 2016. He has been a Director of the Company since 2012.



management. Going forward, I would like to increase the opportunities for them to directly observe the candidates for executive management, from a variety of angles. This includes enhancing the data on their experience and specialist fields, which forms the basis for candidate selection, and having the candidates more frequently attend Board of Directors meetings to give supplementary explanations.

I would also like us to consider in greater depth the criteria for selection of presidents at our main subsidiaries and the approach to personnel affairs across the entire Group, from a Group governance perspective.

Securing and nurturing human resources capable of adapting to change and achieving our vision

Securing and developing personnel—the people who are directly involved in business operations—is an important and crucial issue for corporations. In the case of JR-West Group, it is important to achieve a good balance between fulfilling our mission of supporting social infrastructure and delivering new value to society. In both our railway and non-railway businesses, we have nurtured personnel who understand the objectives of their own operations, and I can sense how they have the underlying ability to resolve issues.

Looking at the present environment, in future our Group will be required to make significant changes. Our mission as a social infrastructure company will not change, but we will probably need to restructure our business portfolio. In conjunction with that, it will be even more necessary for us to establish policies for developing human resources who can support agile operations in the future, while also securing a diversity of human resources including personnel invited from outside the Group.

JR-West Group's vision, as stated in the JR-West Group Medium-Term Management Plan 2022, is the "creation of a safe, comfortable society filled with meetings among people and smiles," and we have affirmed this to be an unchanging commitment, despite changes necessitated by the novel coronavirus pandemic. In terms of the specific measures to achieve this, there is the work being undertaken by each and every individual, as well as our corporate governance initiatives. Whether an executive management or a new recruit, it is important that we work enthusiastically while always keeping in mind how our daily efforts go towards achieving our vision.

A Foundation Supporting Value Creation

Corporate governance

Creating a more open forum for discussion

When I first took up my post, at meetings of the Board of Directors I sometimes felt that there was not a lot of feedback other than from the directors responsible for projects, but recently people have been asking questions and stating their opinions a lot more. Also, we probably need to create a more open environment in which people can freely exchange opinions, employing the “matters for consultation” including discussion of our medium-term policy.

I myself have been involved for a long time in university management, which differs from corporate management, and having experienced this different career allows me to contribute something new. As external directors, we state our opinions frankly from the perspective of our specialist fields and our feel for wider society, and I hope to see our internal directors adopting an approach of incorporating something novel from



Hideo Miyahara

External Director

After holding positions including Assistant, Faculty of Engineering, Kyoto University and Professor, School of Engineering Science, Osaka University, became President of Osaka University in 2003 (until 2007). In 2013, became a Director of the Company. Currently serves as Visiting Professor, Graduate School of Information Science and Technology, Osaka University. Specializes in Information Networking.

outside the company, without hesitation, so that discussion triggers “chemical reactions.”

Drawing on the advantages of digital and analog to provide mobility with value

As a communications engineer, I have promoted the shift to digital in society. The novel coronavirus pandemic has forced meetings, training seminars and many other things to suddenly shift online, and there are concerns that in a digital-only world, there are limits to what information we can convey and that everything becomes overly formalized and inflexible. For example, with university lectures, previously the lecturer decided how to proceed and what to talk about while observing the students’ expressions and attitude, but this cannot be done so easily online.

Amid the shift to digital, there are many things that only “analog” can achieve. Rather than choosing between the two, I think it is important to realize a “happy mean.” This also applies to mobility. The value in face-to-face interaction between people has not changed; in fact, it is becoming even more important. I would like our employees to continue to feel a sense of mission in the important role they play in society.

Also, our Group has considerable organizational capability in society as a social infrastructure corporation. I would like our employees to feel pride in supporting safety and peace of mind in society, and engage themselves in their roles with presence of mind from a long-term perspective.

Supporting more rational decision-making

As a jurist slightly removed from corporate management, I am able to openly ask questions when the Board of Directors deliberates on issues. It is typically the case that the larger the organization is, the more a persuasive alternative can be in the minority and get buried within the company. Given the potential for this to happen even in JR-West Group, I try to state my views and take decisions based on a variety of conceptual angles, incorporating the minority perspective.

At the same time, the reality is that for some projects, an instant decision is needed due to timing or internal circumstances. In such a case, I ascertain what kind of discussions led to the matter being proposed for the Board of Directors’ agenda, and approach discussion on the Board after properly understanding the contextual management message.

Demand for a legal approach

When business conditions are favorable, proactive urban engineering-related ideas become important in building a corporate vision, and there is not much focus on legal considerations, but in tough times a prudent approach is demanded.

It has been over 30 years since the breakup and privatization of Japanese National Railways, and given the Group’s nature as a social infrastructure business with a high degree of community engagement, in some respects it remains difficult for the Group to act purely on its own judgment. For example, at the present time we must balance

the need to prevent the spread of the novel coronavirus with the pursuit of value in the mobility field—a seemingly contradictory objective. With the whole of society going through a period of pain, I intend to participate in discussions on the Board of Directors while considering how we, as a company, can conduct decision-making and business promotion in a rational manner, at the same time as meeting the expectations and demands of our stakeholders.

Hikaru Takagi

External Director

Has held positions including Assistant, University of Tokyo, Professor, Faculty of Law, Kobe University, Professor, Faculty of Law, Gakushuin University, and Professor, Graduate School of Law, Kyoto University. Became a Director of the Company in 2018. Currently serves as Honorary Professor, Kyoto University. Specializes in administrative law.





Yoshinobu Tsutsui

External Director

Joined Nippon Life Insurance Company in 1977, where he held positions including Director and Director & Senior Managing Executive Officer, before being appointed President and Representative Director in 2011. In 2018, became Chairman of the Board of Nippon Life Insurance Company. In 2020, became a Director of the Company.

A bold and resolute approach that puts safety first

In terms of the JR-West Group's image, what I feel first of all is its bold approach to things—its pioneering spirit. Illustrative of this is the Group's growth strategy set out in the JR-West Group Medium-Term Management Plan 2022. I sense the strong determination of senior management involved in drawing up this plan—in driving the Group's operations into the future. Another aspect is the Group's strong sense of mission in relation to safety, which reflects what has been learned from the derailment accident on the Fukuchiyama Line. The way the Group has proactively invested management resources far exceeded what I initially imagined.

Setting a direction after examination from various viewpoints

I feel that all members of the Board of Directors properly share an awareness of the issues and a sense of urgency, and issues are debated in a multi-faceted way, without getting excessively pessimistic or optimistic. JR-West Group needs to move forward strategically while implementing robust safety management that protects the lives of our customers. With infrastructure businesses, sometimes the results only emerge after five or 10 years, and there can be unease about the immediate future. This

makes it all the more necessary for executive management to examine things earnestly from various "proactive" and "prudent" viewpoints, agree on a direction based on mutual trust, and ultimately get everyone's agreement on the correct path while conveying this clearly to the employees.

Continuing to ask ourselves, with humility, how we should function as a social infrastructure company

The four basic policies proposed by the President (see pp.16–18) to address the novel coronavirus pandemic are indeed linked to the basic approach of the Sustainable Development Goals (SDGs). From now on, all companies will need to commit to the SDGs and ESG (Environmental, Social and Governance), but this "commitment" is not just about making a contribution; rather, I think it is about taking responsibility for promoting the SDGs and ESG. I believe the two elements of making profits and pursuing social sustainability will increasingly converge. I want to make this commitment part of my own behavior, and would also like to see it being adopted by the Board of Directors.

"Furthering of Reform" is one of the Group's three pillars of management, and I think this is starting to steadily yield results. As a social infrastructure company, there are values we should change or newly acquire besides those that we should preserve, and I would like to see the Group pushing forward with reform with this in mind, while asking ourselves questions in a spirit of humility.

Dialogue with external parties reminds you of your own strengths

Even before my appointment, I had opportunities to interact with people from JR-West Group, and I sensed their sincerity and approachability. At the same time, although employees on the same level in the internal hierarchy are close to each other, I sometimes feel that there is a slight distance with those immediately above and below them. If there was a culture of praising each other more often, especially one's juniors, I think this would bring out the abilities of each person even more.

JR-West Group has numerous strengths, including its on-site capabilities, but this is difficult to notice when you are in the workplace. I think that increasing opportunities for dialogue with people from different generations, backgrounds, lines of work and companies would remind our employees of the Group's strengths, and I hope that I can contribute in this way.

Feeling personal relevance and engagement is the key to achieving our vision

The more manuals we have, the more people expect to be "taught" something. For example, I fear that our Vision for Human Resources Cultivation tends to be thought of something that is "given by the company," simply because it is a systematic and good approach.

What is important is that each person feels personal relevance and engagement.

In the phrase "employees with the initiative to think and act," which forms part of our vision, it also might not be immediately clear what "initiative" actually means. I interpret it to mean "your

Haruko Nozaki

External Director

In 1980, joined HORIBA, Ltd. After serving in positions including General Manager, Personnel and Education Department, in 2014 she became Junior Corporate Officer (present post). In 2020 she became a Director of the Company.



life, you are the main player." "Workplaces that demonstrate synergy and compassion" could be reworded as "workplaces where each person belongs and has their own role to play."

I think we could benefit from more instances of individuals taking ownership, and of senior personnel communicating in a way that resonates with each individual.

Placing importance on observing each employee closely

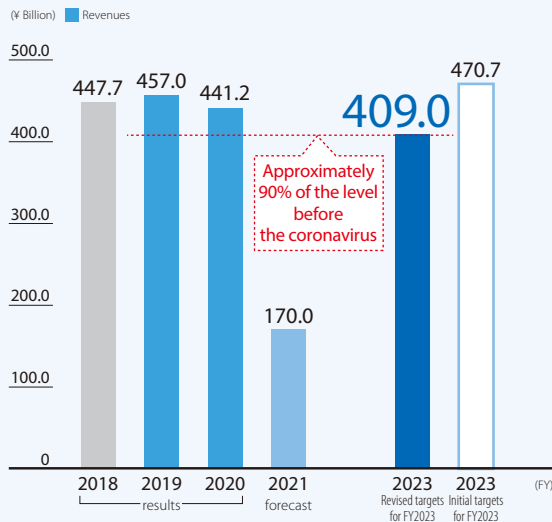
As a company, JR-West is able to observe each employee closely and support them so that they flourish, and as an external director, I also want to support them.

Currently, it is the people working on site who feel the most unease, as they are experiencing first-hand the sharp drop in the use of trains due to the novel coronavirus pandemic. I intend to visit many work sites, meet our personnel face to face, listen to their concerns, and make sure that they hear my message.

Strategies and numerical targets in each business

Shinkansen

Wide-area railway network axis
Enhancing through focused allocation of management resources



Main initiatives

Safe, reliable transportation

• Introducing new rolling stock

- Direct operation Tokaido/Sanyo Shinkansen
- Completing standardization on the N700A model (FY2020)
- Adding 2 sets of N700S railcars (FY2021)

• Introducing equipment for detecting abnormalities in bogies

- Planning installation of a total of 10 units by FY2021

Enhancing transportation services

• Increasing convenience for customers

- Hokuriku Shinkansen e-ticket service (March 2020–)
- Expanding EX service to the Kyushu Shinkansen (Spring 2022)
- Establishment of space for storage of large pieces of baggage (May 2020–)

• Next medium-term management plan

- Adding 2 sets of N700S railcars (planned)

Fostering tourism demand

• Setouchi Palette Project

- Setouchi Hiroshima destination campaign (October to December, 2020)

• Communicating appeal through MaaS app

- Rolling out setowa, WESTER

• “Dokodemo Doa de Doko Ikou” campaign (October 2020 to January 2021)

Securing business continuity

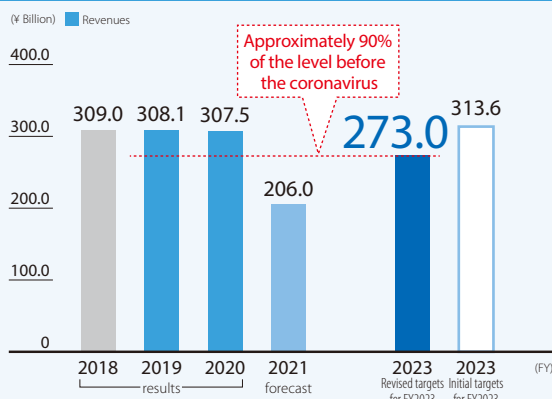
• Renovation of Depot (Hakata)

Maximizing the Tsuruga extension effect for the Hokuriku Shinkansen

Conventional lines

(Kansai Urban Area)

Advancing “city development starting from stations,” beginning with Osaka Station, our largest terminal station, while addressing changes in the operating environment, thereby contributing to the development of the Kansai Area



Main initiatives

Increasing the value of railway belts

• Implementing Groupwide initiatives to develop areas along railway lines

- “City development starting from stations,” beginning with Osaka Station

• Umekita (Osaka) underground station (Spring 2023)

• Naniwasuji Line (Spring 2031)

Increasing the quality of transportation services

• ICOCA point service (October 2018–) “Raku-Raku Harima” & “A Seats” (March 2019–)

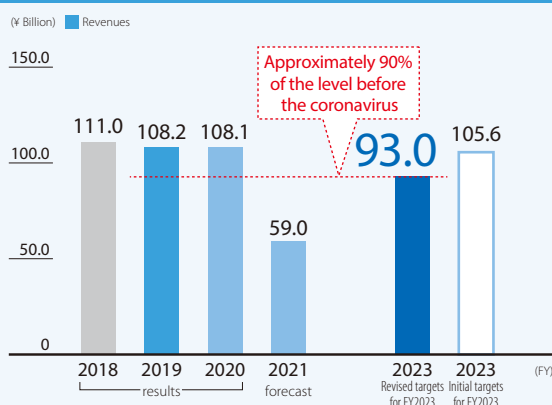
Securing business continuity

• Renovation of Depot (Suita)

Conventional lines

(Other West Japan Area)

Creating appeal to capture tourist demand in the western Japan area, in an integrated manner across the railway and non-railway businesses



Main initiatives

Invigorating communities, centered on tourism

• Setouchi Palette Project

- Setouchi Hiroshima destination campaign (October to December, 2020)

• Operation of WEST EXPRESS Ginga (September 2020–)

Implementing city development, centered on core cities

• Hiroshima, Okayama, Toyama, etc.

Increasing productivity

• Maintenance system change

• Expanding IC card area

• Wireless ATC (Wakayama Line 2023)

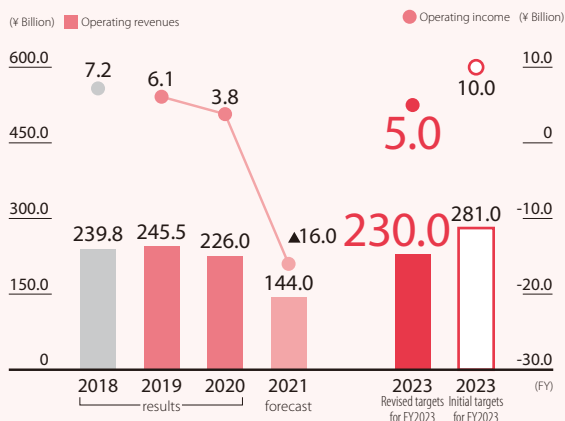
Realizing sustainable transportation services

• Considering conversion to LRT for Kibi Line

• Considering conversion to LRT for Johana Line and Himi Line

Retail Business

Aiming to enhance Groupwide asset efficiency by expanding store launches, focused on sale of goods, and streamlining operations in existing business formats.



Main initiatives

Sales of goods and food services

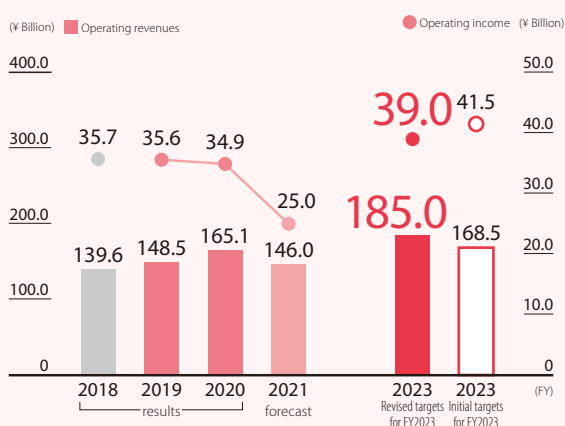
- Revising store product policy/merchandising
- Strengthening competitiveness through collaboration with external partners
- Development of areas surrounding stations
- Structural reform of the VIA-INN business (Thoroughly reevaluating operating systems/costs, etc.)

Department stores

- Maximizing effect of remodeling JR Kyoto Isetan, B1 F and 2nd to 5th floors
- New structural reform remodeling and low cost operations

Real Estate Business

Promoting “city development starting from stations” by developing stations and proactively increasing investment



Main initiatives

Real estate lease and sale

- Advancing city development starting from stations (strategic station development)
- Implementing sustainable city development initiatives by diversifying business schemes and participating in collaborative ventures and redevelopment projects
- Services that flexibly utilize existing assets (shared offices, etc.)

Shopping centers

- New market/business format development with consideration for changes in values and purchasing behavior
- Enhancing coexistence with local communities through focused allocation of management resources to core projects (Osaka west gate, Hiroshima, Toyama, etc.)

Other Businesses

Hotel

- Implementing focused allocation of management resources to core projects
- Reevaluating product development, operational methods, cost structure in line with new needs

Nippon Travel Agency

- Addressing digitalization (Increasing administrative efficiency by strengthening online sales, optimizing store network, implementing online customer contact, etc.)
- Strengthening new initiatives, such as in the field of regional development, and fostering demand

Consolidated financial summary (FY2010–FY2020)

Years ended March 31

	2010	2011	2012 ⁹	2013
Consolidated balance sheets				
Total assets	2,546.3	2,672.4	2,642.9	2,613.7
Total liabilities	1,844.2	1,951.1	1,909.4	1,845.5
Net assets	702.1	721.2	733.5	768.1
Consolidated statements of profit or loss				
Operating revenues (Revenues from third parties)	1,190.1	1,213.5	1,287.6	1,298.9
Transportation	797.4	806.4	839.0	844.9
Retail	201.9	201.3	233.5	234.6
Real estate	70.9	75.7	93.5	90.9
Other businesses	119.6	129.9	121.4	128.4
Operating Income	76.5	95.9	109.7	129.4
Transportation	45.2	61.1	76.7	90.1
Retail	3.1	3.5	(2.9)	(0.4)
Real estate	22.5	22.2	25.9	28.0
Other businesses	6.7	9.6	10.3	12.3
Recurring profit	48.1	68.9	82.4	104.6
Profit attributable to owners of parent	24.8	34.9	29.4	60.1
Consolidated statements of cash flows				
Cash flows from operating activities	161.3	223.2	206.2	238.0
Cash flows from investing activities	(208.7)	(246.2)	(199.1)	(154.7)
Cash flows from financing activities	54.6	51.4	(36.8)	(85.2)
Key management indicators				
Return on total assets (ROA) (%) ¹	3.1	3.7	4.1	4.9
Return on equity (ROE) (%) ²	3.7	5.2	4.2	8.3
Equity ratio (%)	26.3	25.8	26.6	28.5
Debt-Equity Ratio (times) ³	1.6	1.6	1.5	1.3
EBITDA (¥ billions) ⁴	218.4	246.8	279.1	290.3
Earnings (net income) per share (EPS) (¥)	12,837	18,066	152.29	310.87
Book-value (net assets) per share (BPS) (¥) ⁵	345,568	355,712	3,632.41	3,850.82
Dividend per share (¥)	7,000	8,000	90	110
Payout ratio (%)	54.5	44.3	59.1	35.4
Total return ratio (%) ⁶	—	—	—	—
Dividend on equity (DOE) (%) ⁷	2.0	2.3	2.5	2.9
Rate of total distribution on net assets (%) ⁸	—	—	—	—
Other items				
Depreciation and amortization (consolidated)	141.9	150.8	169.3	160.8
Capital expenditures (consolidated)	210.1	260.0	195.4	152.9
Capital expenditures (non-consolidated)	165.5	208.5	150.8	124.8
(Restated) Safety-related investment	95.6	125.1	97.7	72.7
Long-term debt and payables (consolidated)	1,038.9	1,102.6	1,068.8	983.0
Number of employees at work (consolidated) As of March 31	46,104	45,703	45,402	45,326
Number of employees at work (non-consolidated) As of March 31	26,443	26,705	26,778	26,889
	2010	2011	2012	2013 ¹¹
Total transportation revenues				
Shinkansen	312.4	323.9	351.5	357.0
Kansai Urban Area (Kyoto-Osaka-Kobe Area)	286.1	284.4	287.3	288.9
Other lines	121.4	119.6	119.8	123.0

¹ Return on total assets (ROA) = operating income / [(total assets at the end of the previous fiscal year + Total assets at the end of the fiscal year under review) / 2]

² Return on equity (ROE) = net income / [(equity at the end of the previous fiscal year + equity at the end of the fiscal year under review) / 2]

³ Debt-equity ratio = long-term debt and payables / total shareholders' equity

⁴ EBITDA = operating income (after enterprise tax readjustment) + depreciation expense + amortization of goodwill

⁵ Book-value (net assets) per share (BPS) = equity at the end of the fiscal year under review / number of shares at the end of the fiscal year under review

⁶ Total return ratio = (total dividends + acquisitions of treasury stock) / net income

⁷ Dividend on equity (DOE) = dividend per share / [(BPS at the end of the previous fiscal year + BPS at the end of the fiscal year under review) / 2]

Billions of yen, %, yen, people

2014	2015	2016	2017	2018 ¹⁰	2019	2020
2,687.8	2,786.4	2,843.1	3,007.8	3,071.8	3,237.5	3,275.2
1,880.5	1,939.7	1,916.8	1,975.2	1,955.5	2,057.7	2,052.1
807.3	846.7	926.3	1,032.6	1,116.3	1,179.8	1,223.1
1,331.0	1,350.3	1,451.3	1,441.4	1,500.4	1,529.3	1,508.2
851.3	868.4	928.7	929.1	950.8	953.9	933.4
240.1	220.1	232.0	233.9	239.8	245.5	226.0
102.2	87.2	108.8	109.5	139.6	148.5	165.1
137.1	174.4	181.5	168.8	170.0	181.3	183.6
134.5	139.7	181.5	176.3	191.3	196.9	160.6
91.0	100.6	125.1	121.7	130.3	136.2	105.3
4.4	1.5	5.3	5.2	7.2	6.1	3.8
27.7	25.1	32.7	32.2	35.7	35.6	34.9
11.8	15.6	22.4	20.4	19.9	21.2	19.7
112.9	121.9	162.2	160.7	177.7	183.3	148.3
65.6	66.7	85.8	91.2	110.4	102.7	89.3
237.7	223.6	259.8	234.1	275.1	289.7	240.1
(165.3)	(212.9)	(233.2)	(295.8)	(166.3)	(247.4)	(268.6)
(47.8)	1.6	(31.3)	44.3	(71.4)	(7.1)	(29.1)
5.1	5.1	6.4	6.0	6.3	6.2	4.9
8.6	8.4	10.2	10.0	11.3	9.8	8.1
29.2	28.8	30.9	31.3	33.2	33.3	34.1
1.3	1.3	1.1	1.1	1.0	1.0	0.9
288.5	289.3	338.1	339.1	356.1	361.3	332.2
338.98	344.58	443.53	471.52	570.72	533.31	466.88
4,048.31	4,138.65	4,534.29	4,857.50	5,273.42	5,612.63	5,847.27
115	125	135	140	160	175	182.5
33.9	36.3	30.4	29.7	28.0	32.8	39.1
—	—	—	—	—	42.5	50.3
2.9	3.1	3.1	3.0	3.2	3.2	3.2
2.9	3.1	3.1	3.0	3.2	4.2	4.1
153.9	149.5	156.6	162.7	163.5	163.1	170.4
166.7	225.6	233.1	192.4	169.4	245.3	254.5
144.5	186.4	198.7	159.8	127.8	190.9	176.2
89.3	90.2	126.0	105.0	83.2	125.2	116.1
980.7	1,004.2	1,001.8	1,037.9	1,032.2	1,064.0	1,018.9
46,006	47,565	47,456	47,382	47,869	47,842	48,323
27,300	26,886	26,555	25,821	25,291	24,866	24,439

Billions of yen

2014	2015	2016	2017	2018	2019	2020
780.6	797.0	850.0	849.6	867.8	873.4	856.8
364.4	375.9	437.2	434.6	447.7	457.0	441.2
292.1	296.2	302.2	305.0	309.0	308.1	307.5
123.9	124.8	110.5	110.0	111.0	108.2	108.1

⁸ Rate of total distribution on net assets = (total dividends + acquisitions of treasury stock) / consolidated net assets

⁹ The Company conducted a stock split on July 1, 2011, at a ratio of 100 ordinary shares for each ordinary share.

¹⁰ From the fiscal year ended March 31 2018, accompanying partial amendments to "Accounting Standard for Tax Effect Accounting," the method of offsetting deferred tax assets and deferred tax liabilities in the "Assets" and "Liabilities" sections has been changed.

¹¹ We have revised the allocation method for revenue from non-commuter passes on conventional lines (Kansai Urban Area and Other Lines) from the fiscal year ended March 2014. Figures in the above chart for the fiscal year ended March 2013 have been retroactively calculated based on the new allocation method. Under the previous allocation method, transportation revenues for Kansai Urban Area and Other Lines in that fiscal year totaled ¥291.4 billion and ¥120.6 billion, respectively.

Note: For the Consolidated statements of profit or loss, the historical highest values are highlighted in blue.

Financial statements

Millions of yen

Consolidated balance sheets

	Prior consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
Assets		
Current assets		
Cash	109,327	78,530
Notes and accounts receivable-trade	32,521	28,198
Railway fares receivable	43,552	34,699
Accounts receivable	72,287	71,671
Securities	27,500	127
Inventories	104,827	117,088
Other current assets	65,623	77,298
Less allowance for doubtful accounts	(705)	(634)
Total current assets	454,934	406,981
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,175,279	1,215,032
Machinery and transport equipment	376,995	385,669
Land	767,908	780,886
Construction in progress	73,496	86,437
Other property, plant and equipment	60,207	64,062
Total property, plant and equipment	2,453,887	2,532,088
Intangible assets	39,361	34,229
Investments and other assets		
Investments in securities	101,010	116,690
Net defined benefit asset	2,170	1,919
Deferred tax assets	140,749	136,954
Other investments and assets	49,359	51,085
Less allowance for doubtful accounts	(3,876)	(4,692)
Total investments and other assets	289,413	301,956
Total non-current assets	2,782,661	2,868,275
Total assets	3,237,596	3,275,257

Millions of yen

	Prior consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
Liabilities and shareholders' equity		
Current liabilities		
Notes and accounts payable-trade	70,771	70,037
Short-term loans payable	20,713	24,711
Commercial paper	—	60,000
Current portion of bonds	35,000	35,000
Current portion of long-term loans payable	38,832	36,422
Current portion of long-term payables for acquisition of railway properties	1,642	1,567
Accounts payable	126,024	133,582
Accrued consumption tax	6,583	9,367
Accrued income tax	28,068	20,953
Inter-line fares received	2,686	6,700
Deposits received	105,788	98,282
Prepaid railway fares received	41,280	31,999
Advances received	33,785	40,532
Allowance for bonuses	37,408	37,410
Allowance for loss on disaster	11,100	5,131
Allowance for point program	2,081	2,431
Other current liabilities	46,786	44,398
Total current liabilities	608,554	658,530
Non-current liabilities		
Bonds	534,984	509,986
Long-term loans payable	350,828	334,846
Long-term payables for acquisition of railway properties	102,728	101,158
Deferred tax liabilities	1,528	655
Allowance for large scale renovation of Shinkansen infrastructure	12,500	16,666
Allowance for environmental safety measures	11,587	8,912
Allowance for loss on liquidation of railway belts	9,594	8,887
Allowance for unredeemed gift certificates	2,382	2,343
Net defined benefit liability	285,843	269,328
Other long-term liabilities	137,203	140,834
Total non-current liabilities	1,449,180	1,393,620
Total liabilities	2,057,734	2,052,150
Net assets		
Total shareholders' equity		
Common stock	100,000	100,000
Capital surplus	56,171	56,567
Retained earnings	911,532	956,227
Treasury stock, at cost	(483)	(483)
Total shareholders' equity	1,067,220	1,112,311
Valuation and translation adjustments		
Net unrealized holding gain on securities	3,837	(430)
Deferred gains or losses on hedges	(54)	29
Remeasurements of defined benefit plans	8,594	6,114
Total valuation and translation adjustments	12,378	5,714
Non-controlling interests	100,262	105,080
Total net assets	1,179,861	1,223,106
Total liabilities and net assets	3,237,596	3,275,257

Financial statements

Millions of yen

Consolidated statements of income

	Prior consolidated fiscal year (From April 1, 2018 To March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 To March 31, 2020)
Operating revenues	1,529,308	1,508,201
Operating expenses		
Transportation, other services and cost of sales	1,128,016	1,130,143
Selling, general and administrative expenses	204,345	217,430
Total operating expenses	1,332,361	1,347,573
Operating income	196,946	160,628
Non-operating revenues		
Interest income	17	38
Dividend income	1,144	1,164
Dividends income of insurance	2,233	1,880
Transfer from administrative fee of contracted construction	1,580	1,770
Equity in earnings of affiliates	1,812	1,787
Other	2,638	2,222
Total non-operating revenues	9,426	8,864
Non-operating expenses		
Interest expense	20,030	19,465
Other	3,019	1,674
Total non-operating expenses	23,049	21,139
Recurring profit	183,323	148,353
Extraordinary profits		
Gain on sale of non-current assets	612	961
Gain on contributions received for construction	23,724	12,191
Compensation income for expropriation	1,212	2,658
Other	3,527	7,286
Total extraordinary profits	29,076	23,097
Extraordinary losses		
Loss on sales of non-current assets	139	148
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	22,107	11,606
Loss on reduction for expropriation, etc.	1,204	2,642
Allowance for loss on disaster	11,100	—
Loss on disposal of property, plant and equipment	1,875	5,291
Other	18,798	11,098
Total extraordinary losses	55,226	30,788
Profit before income taxes	157,173	140,662
Income taxes- Current	47,937	40,703
Income taxes- Deferred	1,414	6,130
Total income taxes	49,352	46,833
Profit	107,821	93,828
Profit attributable to non-controlling interests	5,071	4,447
Profit attributable to owners of parent	102,750	89,380

Millions of yen

Consolidated statements of comprehensive income

	Prior consolidated fiscal year (From April 1, 2018 To March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 To March 31, 2020)
Profit	107,821	93,828
Other comprehensive income		
Valuation difference on available-for-sale securities	(323)	(4,572)
Deferred gains or losses on hedges	(172)	105
Remeasurements of defined benefit plans, net of tax	(2,575)	(2,519)
Share of other comprehensive income of associates accounted for using equity method	68	208
Total other comprehensive income	(3,003)	(6,778)
Comprehensive income	104,817	87,050
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	99,783	82,716
Comprehensive income attributable to non-controlling interests	5,034	4,333

Consolidated statement of cash flows

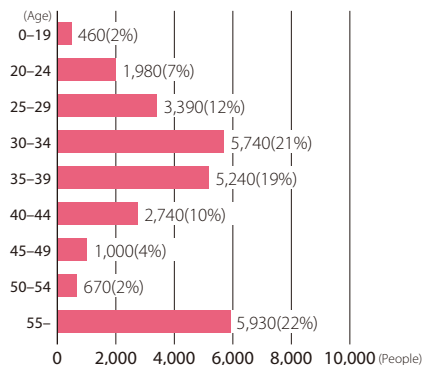
	Prior consolidated fiscal year (From April 1, 2018 To March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 To March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	157,173	140,662
Depreciation and amortization	163,188	170,448
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	22,107	11,606
Loss on disposal of property, plant and equipment	8,056	11,934
Increase (decrease) in liability for retirement benefits	(19,720)	(20,190)
Increase (decrease) in allowance for doubtful accounts	940	728
Increase (decrease) in provision for employees' bonuses	(1,813)	(190)
Increase in allowance for large-scale renovation of Shinkansen infrastructure	4,166	4,166
Increase (decrease) in other provisions	6,438	(8,706)
Interest and dividend income	(1,161)	(1,203)
Interest expense	20,030	19,465
Equity in earnings of affiliates	(1,812)	(1,787)
Proceeds from contribution for construction	(23,724)	(12,191)
Decrease (increase) in notes and accounts receivable-trade	(6,888)	15,527
Decrease (increase) in inventories	(2,709)	(9,184)
Increase (decrease) in notes and accounts payable-trade	41,268	(16,487)
Increase (decrease) in accrued consumption taxes	(5,276)	2,739
Other	(1,585)	(2,239)
Subtotal	358,679	305,097
Interest and dividends income received	1,159	1,201
Interest paid	(19,753)	(19,217)
Income taxes paid	(50,357)	(46,928)
Net cash provided by operating activities	289,728	240,152
Cash flows from investing activities		
Payments for time deposits with a maturity in excess of more than three months	(231)	(230)
Proceeds for time deposits with a maturity in excess of more than three months	231	230
Purchases of property, plant and equipment	(257,264)	(265,152)
Proceeds from sales of property, plant and equipment	453	1,564
Contributions received for constructions	29,932	21,742
Purchases of investments in securities	(15,289)	(25,507)
Proceeds from sales of investments in securities	55	1,923
Net decrease (increase) in loans receivable	501	(34)
Other	(5,808)	(3,193)
Net cash used in investing activities	(247,420)	(268,657)
Cash flows from financing activities		
Net increase in short-term loans	4,248	3,791
Net changes in commercial paper	—	60,000
Proceeds from long-term loans	29,700	20,000
Repayments of long-term loans	(41,326)	(39,205)
Proceeds from issuance of bonds	70,000	10,000
Redemption of bonds	(25,000)	(35,000)
Payment of long-term payables for acquisition of railway properties	(1,583)	(1,645)
Purchases of treasury stock	(9,999)	(9,999)
Cash dividends paid	(32,329)	(34,999)
Dividends paid to non-controlling interests	(114)	(333)
Other	(770)	(1,774)
Net cash (used in) provided by financing activities	(7,174)	(29,167)
Net increase (decrease) in cash and cash equivalents	35,132	(57,671)
Cash and cash equivalents at the beginning of the period	101,448	136,581
Increase in cash and cash equivalents from newly consolidated subsidiary	—	1,110
Decline in cash and cash equivalents accompanying removal from scope of consolidation	—	(1,736)
Cash and cash equivalents at end of year	136,581	78,283

Fiscal 2020 performance in priority CSR fields

Area	Objectives such as KPI, etc. to achieve by FY2023	KPI, etc. progress and current status
Safety	Five-year objectives up to FY2023 <ul style="list-style-type: none"> • No train accidents that result in casualties among our customers • No railway labor accidents that result in fatalities among our employees 	FY2020 results <ul style="list-style-type: none"> • Train accidents that result in casualties among our customers: 0 [cumulatively from FY2019] • Railway labor accidents that result in fatalities among our employees: 1 [cumulatively from FY2019] • Train accidents involving people that result in casualties among our customers: 8 • Accidents at level crossings: 17 • Transportation disruptions due to internal factors: 167
	Objectives to achieve in FY2023 <ul style="list-style-type: none"> • Train accidents involving people that result in casualties among our customers: 9 (additional 10% reduction) • Accidents at level crossings: 22 (additional 10% reduction) • Transportation disruptions due to internal factors: 126 (additional 10% reduction) 	
CS	Make customers into "fans of JR-West" Achieve and maintain a level of approx. 80% or higher for "approving" customers (comprehensive score of 4.0 or higher on customer satisfaction survey) (5-point scale; in-house evaluation)	FY2020 results Level of "approving" customers on fiscal 2020 customer satisfaction survey: 3.96 (5-point scale; in-house evaluation)
Coexistence with communities	Progress of initiatives—through dialogue and coordination with local regions—for (1) city development that encourages visitors (expanding the non-resident population), (2) city development that encourages residents (expanding the resident population), and (3) the achievement of safe and sustainable railways and transport services	(1) Progress is being made on initiatives to enhance regional value, such as the Setouchi Palette Project. Based on the results of validation tests carried out in fiscal 2020, the "setowa" tourism MaaS service was launched in the Setouchi area. (2) Progress is being made on concerted Group initiatives to enhance railway belts value in the Kansai Urban Area, including the Urban Future Creation Project. Joint study of MaaS has started together with seven railway operators in the Kansai region with the launch of the "Kansai MaaS Study Group." (3) Dialogue with local communities is ongoing. A collaboration agreement was signed with Onan Town, Shimane Prefecture aimed at building a rural-type MaaS. As the first step toward resolving local issues, validation testing of an on-demand vehicle allocation system has commenced.
Human resources / motivation	<ul style="list-style-type: none"> • In order to promote our Vision for Human Resources Cultivation, develop indicators—using, for example, the results of our Employee Awareness Survey—and quantitatively trace the three concepts of "employees with the initiative to think and act," "workplaces that demonstrate synergy and compassion," and "a business group with diversity as a weapon," as part of our aim to "have each individual employee take a personal stake in human resource cultivation, with support for and a firm sense of Company initiatives." 	FY2020 results <ul style="list-style-type: none"> • Although there were improvements in some items of the "employees with the initiative to think and act" indicator, we have not achieved fiscal 2023 targets. • Although there were improvements in some items in the "workplace that demonstrates synergy and compassion" indicator, we have not achieved fiscal 2023 targets. • The "business group with diversity as a weapon" indicator is declining, and we have not achieved fiscal 2023 targets.
	<ul style="list-style-type: none"> • In order to build a foundation for human resource cultivation, advance our Medium-Term Health Management Plan utilizing the results in our Employee Awareness Survey of the two concepts of "pride and motivation" and "mental and physical health (health management)" • Mental and physical health (health management) <ul style="list-style-type: none"> (1) Ratio of employees experiencing high stress: below 4% (2) Ratio of lively workplaces: 80% or higher (3) Ratio of employees with flags on their regular health checks: below 40% (4) Daily lifestyle improvement activities (smokers: below 20%, high-volume drinkers: below 10%, regular exercisers: 30% or higher, response rate to physician referrals: 80% or higher, comprehensive health exam recipients: 70% or higher, "specific health guidance" recipients: 80% or higher) 	FY2020 results <ul style="list-style-type: none"> • While there is improvement in most categories, fiscal 2023 targets have not yet been achieved <ul style="list-style-type: none"> (1) Ratio of employees experiencing high stress: 4.5% (2) Ratio of lively workplaces: 51% (3) Ratio of employees with flags on their regular health checks: 46.9% (4) Daily lifestyle improvements: Smokers: 25.3%; High-volume drinkers: 12.5% (men), 10.2% (women); Regular exercisers: 20.3%; Response rate to physician referrals: 66.4%; Comprehensive health exam recipients: 47.9%; "Specific health guidance" recipients: 67%
Human rights	<ul style="list-style-type: none"> • Status of formulating a human rights policy, which is then communicated to every employee so that there is widespread awareness • Status of employees being cognizant within their individual work tasks of human rights, while acting with respect for human rights 	<ul style="list-style-type: none"> • Along with the enactment of the JR-West Group Basic Policy on Human Rights (April 2019), the "Human Rights Educational Handbook" was revised and distributed to all Group employees • Education and training are being implemented for all JR-West employees to promote understanding of sexual minorities including LGBT (training materials are shared with Group companies) • As a human rights due diligence initiative, Group-wide human rights issues are selected in collaboration with related departments (in FY2021, "Prevention of Harassment"), and measures are being prepared
Global environment	<ul style="list-style-type: none"> • Energy consumption rate (vs. FY2014): -3% • Energy-saving railcars as a percentage of total rolling stock: 88% • Station and train garbage (recyclable) recycling rate: 96% • Railway material recycling rate: Facility construction: 97% Rolling stock: 92% • Promote environmentally friendly stations and office facilities 	FY2020 results <ul style="list-style-type: none"> • Energy consumption rate: -4.1% (vs. FY2014) • Adoption rate for energy-saving rolling stock: 89.2% • Recycling rate for station and train garbage (recyclable): 99.3% • Railway material recycling rate: <ul style="list-style-type: none"> Facility construction: 98.6% Rolling stock: 95.5% • As we endeavor to introduce energy-saving facilities, Higashihamma Station on the San-in Main Line has been made a Zero Energy Station (ZES)
Risk management	<ul style="list-style-type: none"> • Status of implementing drills for various risks, including earthquakes, and reviewing and revising systems, rules, etc. as necessary • Status of reaching zero cases of serious compliance violations, such as organizational corruption, etc. • Status of reaching zero serious accidents or cases of damage related to information security 	<ul style="list-style-type: none"> • Improved sensitivity to first response system for risk by performing drills to prepare for a major earthquake, etc. • Have zero cases of serious organizational corruption • Have zero serious accidents or cases of damage related to information security

Data related to human resources and motivation (non-consolidated)

Employee composition by age (as of April 1, 2020)



Percentage of female workers (Indicating managers and executive separately)

Overall	
14%	
Managers	Executives
2%	4%
Include an external director	

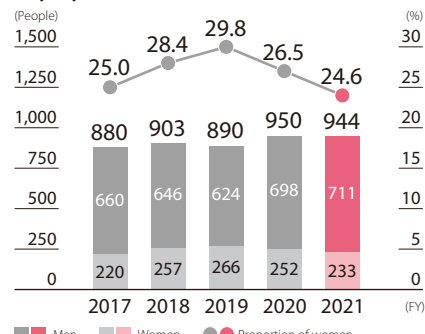
As of April 1, 2020

Percentage of people taking paid leave

Overall
91%

Average number of days used in FY2020: 18.2 of 20 days

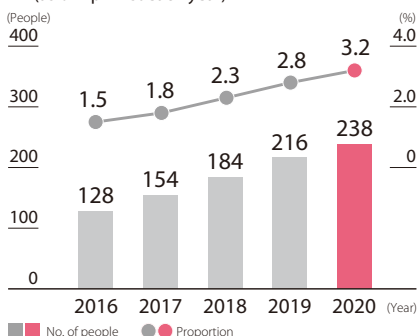
Number of hires by gender and changes in proportion of women hires*



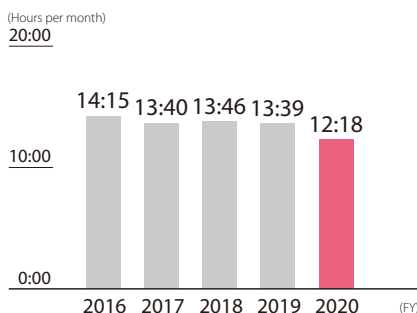
Legend: Men (Grey), Women (Pink), Proportion of women (Line with dots)

* Includes hiring of recent graduates (including those with some post-graduation work experience), hiring of employees who started out as contract employees, and hiring of experienced professionals

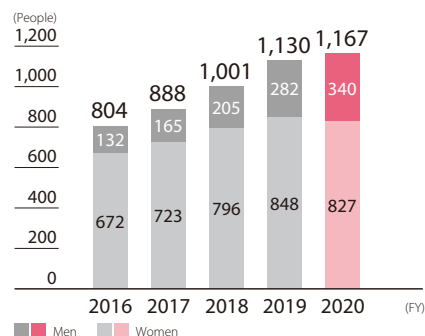
Number and proportion of female managers and supervisors (as of April 1st each year)



Average overtime hours



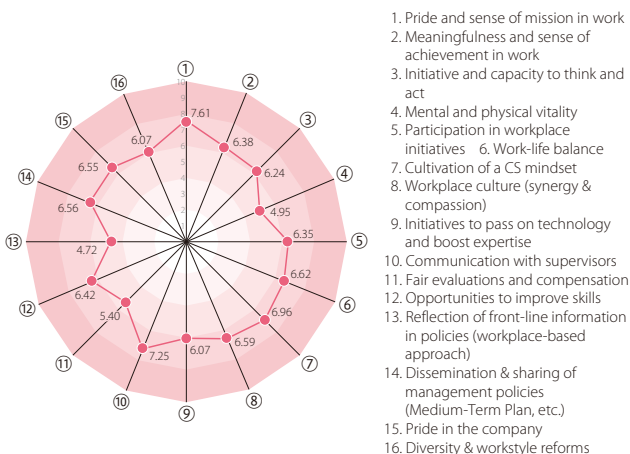
People taking childcare leave



FY2020 employee awareness survey

Since 2008, a survey of all employees has been carried out as one means of gauging the level of job satisfaction. Taking into consideration the results of the survey, we are working to create a company in which employees find job satisfaction and in which they take pride.

Data on the results of the survey is prepared for each organization, based on the circumstances of each organization, in order to encourage them to independently identify the issues and implement the necessary measures. This data is then fed back to each organization.



Note: The questions underwent a significant revision in the most recent survey, using an evaluation scale from 1 to 10.

External evaluation

Aiming to be a "business group with diversity as a weapon" as set out in our Vision for Human Resources Cultivation, we are working to build an environment, systems and culture in which a diversity of human resources can maximize their potential and flourish. This includes a scheme supporting a balance between work and childcare, as well as initiatives to improve understanding of sexual minorities including LGBT.

The main external awards and certifications we currently hold are shown below.



"Child-rearing Support Company"
(Ministry of Health, Labour and Welfare)



"New Diversity Management Company Selection 100"
(Ministry of Economy, Trade and Industry)



"PRIDE Index 2020", an index that assesses initiatives related to LGBT and other sexual minorities Highest "Gold" rating

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