

Strategy of value creation for our vision—JR-West Group Medium-Term Management Plan 2022—

Reforming the Company to enhance our ability to 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 to 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.

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

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 use of customer and operational data we have accumulated to date, as well as to create new value in areas such as enhancing productivity and generating demand by providing services that meet diversifying needs. And through this process, we must also 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."

- Rebuilding the customer experience**
(Determining the best approach to services that address customer needs)
- Rebuilding railway systems**
(Realizing the Technology Vision)
- Rebuilding the employee experience** (Work style reform)

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

In completing the three areas for reconstruction that are the pillars of 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."

Rebuilding the customer experience

Implementation of convenient, affordable, and enjoyable transportation and lifestyle services centered on ICOCA and WESTER

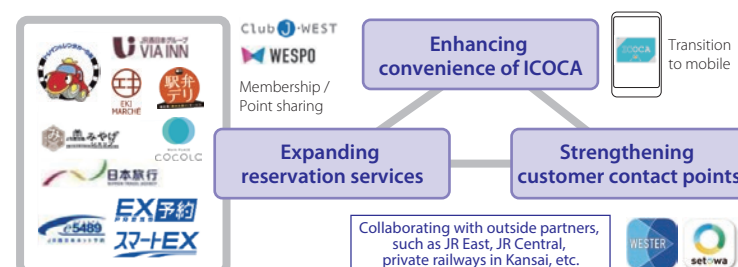
Personal tastes are growing more diverse, and people are increasingly using their smartphones to obtain information, requiring an approach that reflects the needs of individual customers. We will strengthen cooperation with a range of partners, such as various JR companies, we will leverage MaaS applications such as "WESTER" and "setowa" to provide information on spots for outings, and we will offer coupons and convenient reservation services using

an AI-based shopping point program to perform analysis of individual customers based on their data. We will also work to provide transport and services that are attractive and easy for customers to use.

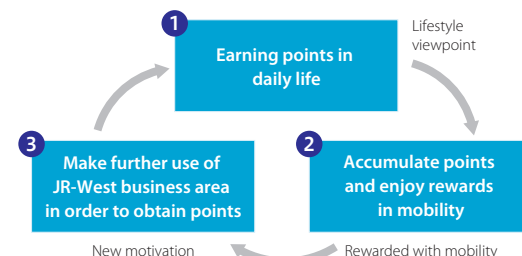
In the future, reservations and the MaaS applications that service as touch points for customers will be linked to Mobile ICOCA (provisional name), which is scheduled to launch in the spring of 2023. The creation of a circular, continuous service that standardizes memberships and points and allows members to earn points and use attractive services in their daily lives will contribute to revitalization of western Japan.

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

Enhancing ICOCA/WESTER functionality, strengthening alliances



Reforming services from customer viewpoint



We will leverage a range of data and work with partners to increase the value we offer

Asako Suminokura Digital Solutions Headquarters

Amidst the social changes wrought by the novel coronavirus pandemic, the behavior of our customers is becoming increasingly diverse. In response to these increasingly varied needs, and to offer services that are more in line with them, as a data scientist my task is to maintain an awareness of the current situation based on a variety of data, visualizing and examining it to build hypotheses for measures to solve the issues that each division faces.

With regard to the AI-based shopping point program, with the support of GiXo Ltd., a company to which I was temporarily assigned, we developed optimal methods for analyzing current trends in the

Associated SDGs
8. Decent work and economic growth
9. Industry, innovation and infrastructure
17. Partnerships for the goals



travel routes of our customers, and we used these methods as an aid in designing our services. This allowed us to create new experiences while staying closely aligned with the preferences of individual customers.

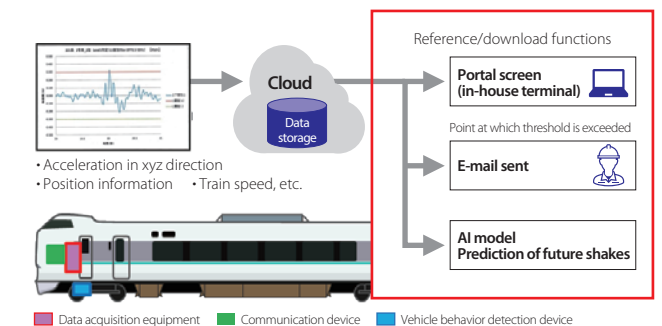
Going forward, we will make the most of the advantages of being an in-house analysis organization that can make proposals and raise issues throughout the company, as we work to improve the value of customer experiences and increase the speed with which we offer them, strengthen cooperation with a range of partners including local government and other businesses, and increase the overall value that we are able to offer to make our customers happy.



Rebuilding railway systems / Promoting maintenance system change

Using vehicle behavior detection devices to understand track conditions

We hope to leverage AI and IoT-based technologies to implement CBM,¹ which will allow us to continually monitor the state of all equipment. Furthermore, we will divert data² from the vehicle behavior detection devices currently in use to track maintenance, facilitating low-cost, regular monitoring of the condition of railway tracks. Our organizations are using data in a coordinated manner to improve safety and efficiency.



- 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.
- Vehicle behavior detection device: A device that triggers an emergency stop when a significant shake occurs due to a train derailing, overturning, or colliding with something, and then transmits a preventative radio signal to other trains in the area to prevent concurrent accidents.

Rebuilding the employee experience

Toward work styles that produce results with frequency

In fiscal 2022 we began lending work smartphones and personal computers for remote working to company employees at the headquarters and branch offices to enable them to more frequently create initiatives that help to improve the Group's ability to respond to change, improve safety, offer better customer service, and increase profit, resulting in working environments that are unrestricted by location.

We are also considering reforming business processes in fiscal 2023 to boost efficiency across the organization by deploying groupware throughout the entire company (approximately 130 people). Using the time gained by improving operational efficiency, we have promoted data utilization and joint creation of value both inside and outside the group, with the goal of gathering the knowledge of our entire corporate Group and creating value. With regard to data utilization in particular, we will push forward with tangible and intangible measures to allow us to use in-house

data throughout our organization, such as enacting policies on data utilization and deploying business intelligence tools, in conjunction with the construction of a data accumulation platform in the cloud.

Styles of working and proceeding with tasks that are not limited by time or space

- Transformation of work environments and automation of tasks**
 - Improved operational speed, provision of opportunities to engage in a range of different work styles
- Flexible information sharing and decision making**
 - Rapid information sharing and accelerated decision making
 - Share individual interactions and activities with the entire team, as well as accumulating information on these
 - Quickly catch up with relevant current trends and reflect them in management strategy
- Improved efficiency of processes with business partners and Group companies**
 - Reduction of contact and indirect operations between JR-West, Group Companies, and partner companies
 - Digitalization of construction work between JR-West and Group Companies
- Visual representation and use of the knowledge and skill of the entire Group**
 - Use of hidden knowledge and use of digital technology to strengthen connections between employees and organizations
 - Switching from closed communication to communication as a team

Visual representation of operational data and activities throughout the Group