

West Japan Railway Group Integrated Report 2022

— Our Report on Value Creation —

West Japan Railway Company

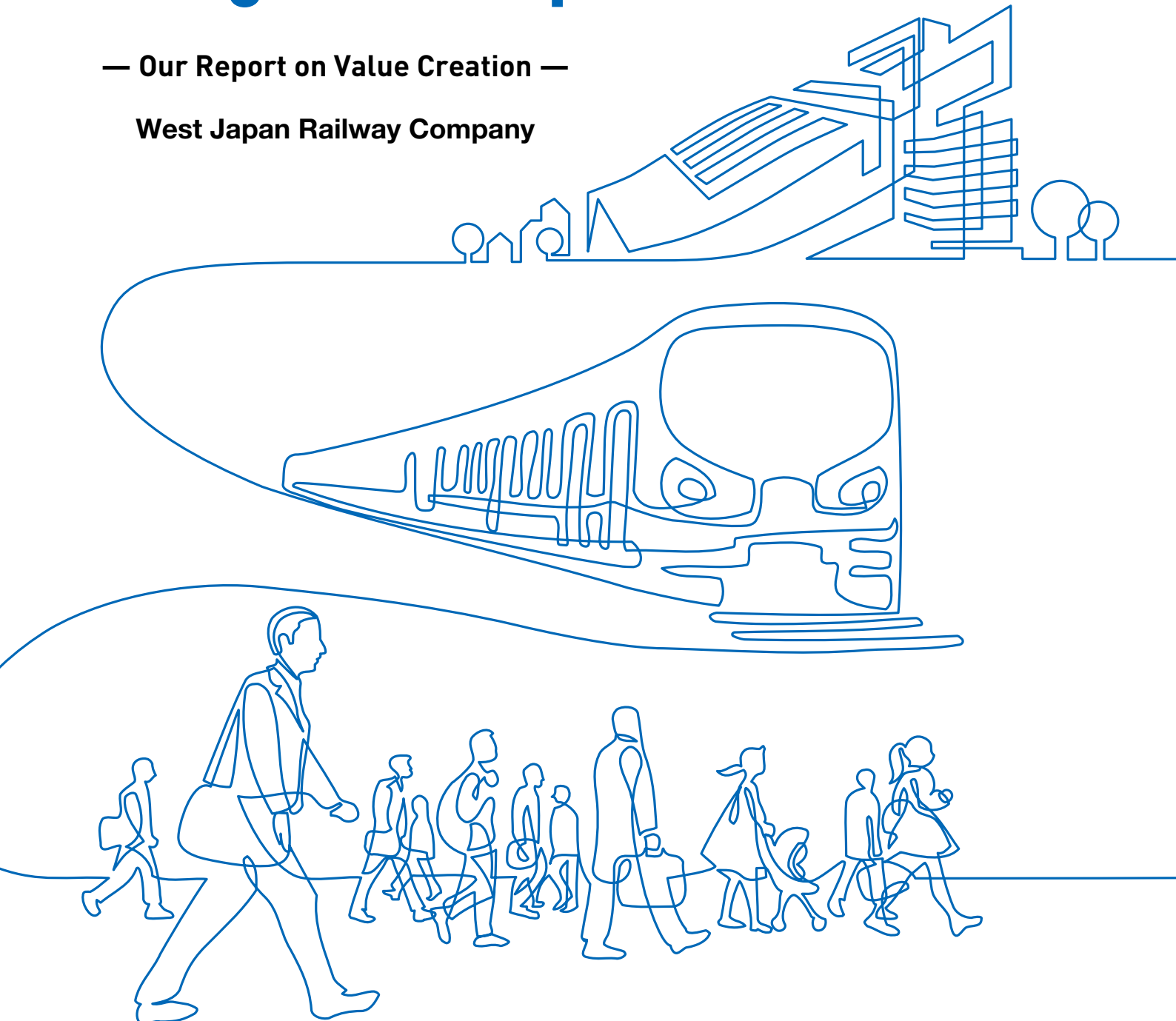







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Editorial Policy

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.

Scope

In principle, JR-West Group (including some initiatives at the non-consolidated level)

Applicable period

In principle, April 2021 to March 2022

Main reference guidelines

Integrated Reporting Framework (Value Reporting Foundation [VRF], formerly International Integrated Reporting Council [IIRC])
Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry [METI], Japan)





About figures

Note that due to things like rounding off, the sum of subtotals may not always equal the total.

About the JR-West Group's fiscal year

The JR-West Group'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 2022 or FY2022 means the year ended March 31, 2022.

System of Information Disclosure

Main content	Annual reports	Latest information
Non-financial information	<ul style="list-style-type: none"> ② Railroad safety report ③ Corporate governance report 	 <p>Corporate website "Sustainability"</p> 
Financial information	<ul style="list-style-type: none"> ① West Japan Railway Group Integrated Report 2022 ④ Securities report ⑤ Fact sheets 	 <p>Corporate website "Investor relations"</p> 

Publications	Content
① JR-West Group Integrated Report	Includes an environmental report. The content is shown on the Table of Contents page.
② Railway safety report	Creation and disclosure of this report is mandatory under Article 19, Section 4 of Japan's Railway Business Act. It describes our efforts to improve safety.
③ Corporate governance report	This report must be submitted to the Tokyo Stock Exchange (TSE) based on rules the TSE stipulates. It describes things like our philosophy and systems for corporate governance.
④ Securities report	Submission of this report to the director of the Kanto Finance Bureau is mandatory under Article 24, Section 1 of Japan's Financial Instruments and Exchange Act. It describes details of our financial situation.
⑤ Fact sheets	This compilation includes JR-West information such as a corporate overview, businesses, medium- and long-term strategy, and performance.

Cautionary Disclaimer Regarding Forecasts

This report contains forward-looking statements that are based on the JR-West Group's current plans, assumptions, estimates, and projections about its business, industry, and capital markets around the world.

Pronouncements related to these forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements use future-oriented terminology such as "may," "will," "expect," "anticipate," "estimate," "plan," or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of the JR-West Group's financial condition, or state other forward-looking information.

Known or unknown risks, uncertainties, and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. The JR-West Group cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. The JR-West Group's actual results could be materially different from and worse than expectations. Important risks and factors that could cause actual results to be materially different from expectations include, but are not limited to:

- Expenses, liability, loss of revenue, or adverse publicity associated with property or casualty losses;
- Economic downturn, deflation, and population decreases;
- Adverse changes in laws, regulations, and government policies in Japan;
- Service improvements, price reductions, and other strategies undertaken by competitors such as other passenger railway and airline companies;
- Outbreaks and epidemics of infectious diseases;
- Earthquake and other natural disaster risks; and failure of computer telecommunications systems disrupting railway or other operations.

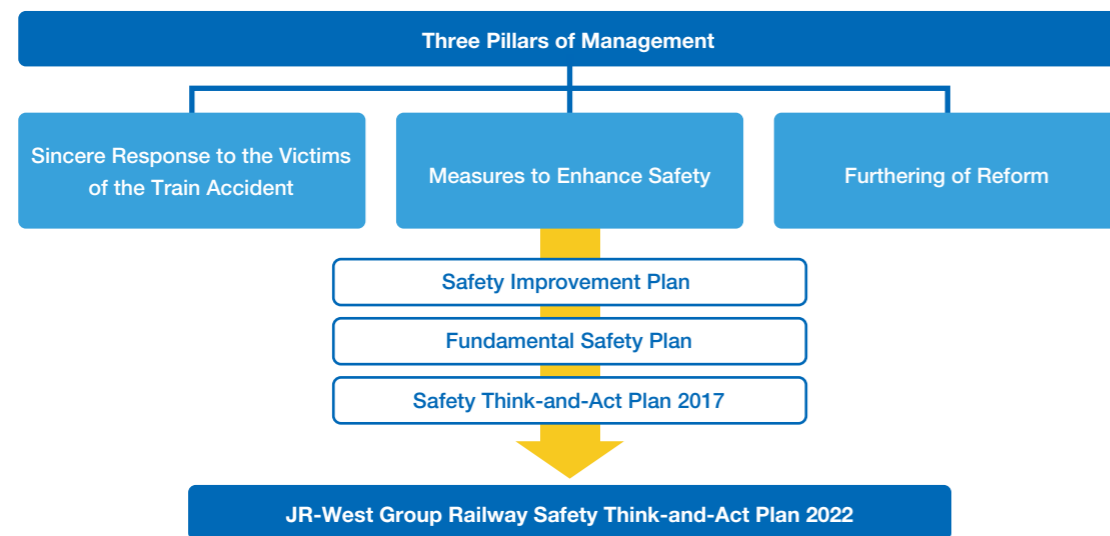
All forward-looking statements in this report are made based on information available to the JR-West Group as of September 30, 2022, and the JR-West Group does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.

Our Values

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

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 allowing and not foreseeing the risk of the extremely serious April 25, 2005 derailment accident on the Fukuchiyama Line.

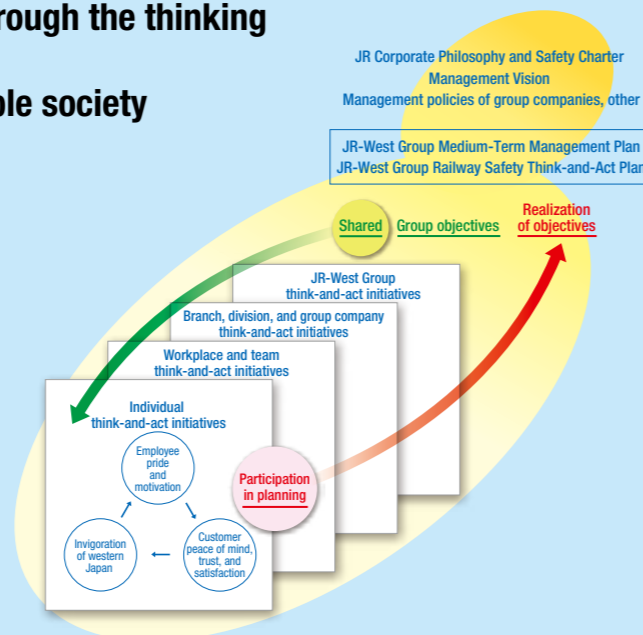
The total mindset of the JR-West Group and the central focus of our actions is an unchanging determination to ensure that we will never again allow an accident such as that on the Fukuchiyama Line to occur. We have reflected deeply on the accident and its consequences and take the lessons learned from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



A Corporate Philosophy that is realized through the thinking and actions of each individual—Contributing to the creation of a sustainable society

Our Corporate Philosophy was created after reflecting on the derailment accident on the Fukuchiyama Line and deliberating on the significance of our existence, what society demands of us, and what we must do to answer those demands. In working to make it a reality, we are fulfilling our responsibility as a member of society while also contributing to the creation of a sustainable society.

Each and every one of our employees—the protagonists in realizing our Corporate Philosophy—recognizes the significance of their job (what it is for and what it achieves), tirelessly pursues the concept of “think-and-act,” and enhances the value that we deliver to stakeholders and society. This, in turn, leads to motivation and a sense of pride for each employee.



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.

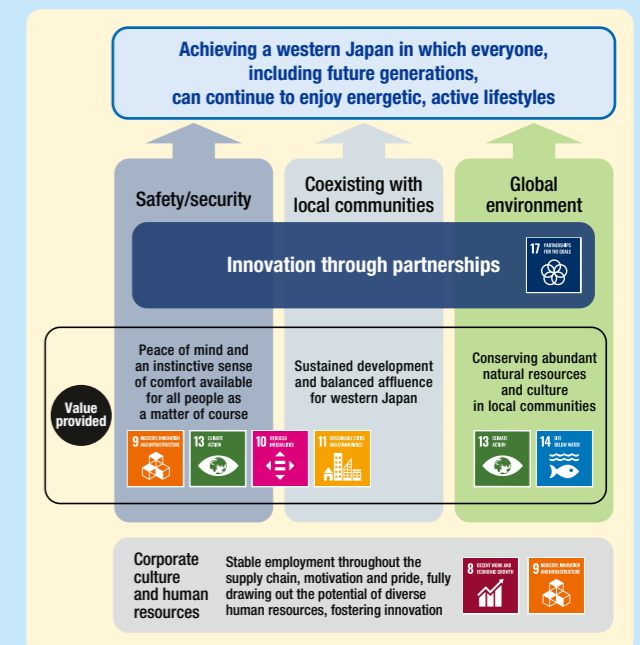
1. Safety is ensured primarily through understanding and complying with rules and regulations, a strict execution of each individual's duty, and improvements in technology and expertise, and built up through ceaseless efforts.
2. The most important actions for ensuring safety are to execute basic motions, 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.

Basic approach to sustainability

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 to contribute to carbon neutrality, while helping to resolve social issues through a cycle in which the region's abundant nature and culture, as well as city 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.” We believe that these efforts will lead to the creation of a sustainable society.

We will also contribute to realizing the SDGs by achieving a western Japan in which everyone, including future generations, can continue to enjoy energetic and active lifestyles.



We will continue to pursue railway safety while embracing the challenge of creating new businesses as we look to our future.



President and Representative Director
Kazuaki Hasegawa

Reflecting on the business environment

The business environment continues to be more challenging than ever before due to the COVID-19 pandemic. Consequently, I believe it's important to look squarely towards the future.

Due to the effects of the long-running pandemic, the business environment in which the JR-West Group operates continues to be extremely challenging. Mobility has declined significantly due to a sense of societal and psychological restraint, while work styles are becoming more diverse, for example with broad adoption of telework.

Significant changes extend beyond mobility to encompass the structure of society as well as people's values. I feel these transformations are not mere changes, but indeed represent the evolution of society. Even once the pandemic is brought under control, society will not return to its previous state, but rather will continue to evolve towards the future. Of course, it's important for management to think about impacts on business operations, both good and bad, but it's similarly important to consider developments in society from a different, larger perspective. In that sense, I think we've gained a truly valuable opportunity to think about what kind of future we want for the JR-West Group.

The manner in which people move will continue to become even more diverse in the future. While there will be no change in the basic behavior of going back and forth between home and one's company or school, the amount of usage will decline due to remote arrangements, and workers may end up commuting to different locations, for example satellite offices. Alternatively, the number of people using express trains and Shinkansen trains originating in major regional cities may increase. At the same time, I think people will come to reassess the true value provided by face-to-face encounters with other people and the experience of nature.

To satisfy these diversifying customer needs, we must further refine our railways and other businesses. Fostering the development of new businesses that do not depend on mobility will also be an important management priority. To ensure we progress alongside society as it evolves, we ourselves must also evolve in a timely manner.

Progress in implementing the Medium-Term Management Plan

We're marshaling all our resources to ensure safety, our highest priority; to implement structural reforms; and to rebuild our financial foundation.

We reviewed the JR-West Group Medium-Term Management Plan 2022 in October 2020 based on the challenging business environment in which we operate.

The first priority embraced in that plan is enhancing safety, with the derailment accident on the Fukuchiyama Line as the starting point. It goes without saying that safety is our top management priority, and that it will remain unchanged going forward. We will aggressively put into practice the initiatives set forth in the JR-West Group Railway Safety Think-and-Act Plan 2022 from the dual perspectives of our organization's management structures and individual employees' implementation.

Strengthening management through structural reforms and the rebuilding of our financial foundation is also a pressing management priority. In addition to urgent cost reductions, we're pursuing a variety of reforms, including to increase productivity and optimize train schedules. In September 2021, we carried out a public stock offering in an effort to strengthen our financial foundation. As we look to develop our businesses in diverse ways following the pandemic, we will bring even more resources to bear on implementing structural reforms and rebuilding our financial foundation.

Fare and fee structures and local lines

The pandemic brought these two management issues into clear focus. To discover the best solution, we will pursue discussions in the spirit of addressing challenges head-on.

I believe fare and fee structures and the manner in which local lines will operate are management issues that need to be addressed head-on, and right now.

We have not undertaken a substantial price increase, which would require the government's approval, since our founding as a private-sector company. However, the railway business environment will continue to be challenging going forward, and it will be important to realize flexible fare structures so that we can accommodate a diversifying range of user needs. Fare and fee structures are important topics for railway operators, and we will continue to discuss these matters.

Local lines are another social issue thrown into clearer relief by the pandemic. Many local lines are failing to demonstrate railway transport's defining characteristic—the ability to transport large numbers of people—as Japan's population shrinks and its social structure changes. This is making it difficult for us to maintain these lines on our own as a private-sector company. In the future, I look forward to deepening discussions with the national and local governments as we work with residents to study how to build transportation systems that suit local communities.

Preparing for the next Medium-Term Management Plan

We're accelerating the speed of reform/reconstruction so that we can advance to the evolution/growth stage as quickly as possible.

Recently, when I consider the evolution of society after the pandemic, I feel that we need to accelerate the speed of reform/reconstruction so that we can advance to the evolution/growth stage as quickly as possible.

To that end, the next Medium-Term Management Plan, which will start in fiscal 2024, will be extremely important. In addition to undertaking bold reforms, including a restructuring of our business portfolio, we will work to actively develop businesses related to coexistence with local communities and city development, both of which

are areas where we can realize synergies with railways. In the next Medium-Term Management Plan, I plan to focus resources on creating a new pillar of business for the next generation that doesn't depend on mobility. For the Group to realize sustained growth in the society of the future, it will be important to create a new pillar of business so that we can move forward in a well-balanced manner. When I consider our vision for the Group in 10 or 20 years, I feel that now more than ever we need to embrace this new challenge.



Unique strengths of the JR-West Group

We enjoy an enormous number of customer contact points—5 million people per day—and trust built over many years.

To create new businesses in order to facilitate our further evolution and growth, it will be important to reaffirm the Group's unique strengths.

The first such strength that comes to mind is our customer contact points, specifically 5 million people per day. Few companies in Japan have such an enormous number of customer contact points. Going forward, we will foster even closer connections with each of our customers through digitalization while sharing that information throughout the Group and pursuing one-to-one marketing.

Another strength is the unique trust enjoyed by the Group. Our railway network extends throughout 18 prefectures, and we've built relationships of trust with local residents over many years by leveraging stations on that network. Even if we develop global businesses in the future, we will never move away from this local presence. Contributing to the development of local communities has been our mission since our founding. I believe the relationships of trust that are underpinned by this commitment will prove to be a major asset in future businesses.

Pursuing a digital strategy

We're pursuing initiatives that cut horizontally across the entire company, from data-driven group marketing to operational reforms.

Digital transformation (DX) will be a key strategy as we look to develop the Group's businesses in the future.

We formed the Digital Solution Headquarters as a companywide, cross-cutting organization in November 2020 to orchestrate the implementation of this digital strategy throughout the company. I served as its first senior general manager in order to lead an effort that transcends organizational boundaries. Recently, I feel that these initiatives have been steadily bearing fruit.

One aim of this digital strategy is data-driven group marketing. We already offer WESTER and "tabiwa by

WESTER" as MaaS apps, and in spring 2023 we plan to release Mobile ICOCA (tentative name), which will allow use of ICOCA functionality on smartphones.

Another important initiative will be pursuing operational reforms through a shift to digital. For example, we should be able to realize substantial streamlining by leveraging technologies like IoT and AI in areas such as inspection operations at railway sites. Going forward, we'll also focus on developing mechanisms to increase each employees' IT literacy.

Coexistence with local communities and city development

We're working to coexist with local communities while taking advantage of our unique strengths by integrating city development with our railway network.

To the extent that companywide, cross-cutting collaboration holds the key to success, our approach is the same as in developing our businesses. In June 2022, we formed the Regional Revitalization and Development Headquarters. The mission of this new organization is to fully leverage the Group's unique strengths by integrating coexistence with local communities and city development with our railway network.

With regard to city development in the future, I believe that there is an important role to be played by not only

Japan's metropolises, but also major regional cities. The people of the middle class have supported the development of the Japanese economy until now, and restoring the middle class will be essential in order to grow the economy in the future. This is also true in cities. Our goal is to work with local residents to build major regional cities and then establish partnerships with those cities so that we can embrace the challenge of city development that leverages the Group's strengths in a way that leads to use of railway services.

Real and virtual

I feel the JR-West Group's new potential in the combination of the real and the virtual.

To date, the Group's businesses have used the real world as their stage. By contrast, business has been emerging recently in virtual spaces. As part of a recent experiment, we built Virtual Osaka Station as a station in the metaverse in the summer of 2022 and took part in Virtual Market, the world's largest VR event.

We're prone to think of the real and the virtual as concepts that stand in opposition to one another, but that

is by no means the case. It would be interesting if we were to combine our strengths in the real world with the features of the virtual world to create new value as only the JR-West Group can. I believe that as the owner of Osaka Station, no entity is better positioned to embrace this challenge than us.

Addressing environmental issues

I believe addressing environmental issues like carbon neutrality poses business opportunities.

It goes without saying that addressing environmental issues like climate change is a top management priority for us. To that end, we established JR-West Group Zero Carbon 2050 as a long-term goal in April 2021. We're working aggressively to realize our goal of virtually zero CO₂ emissions by 2050 by, for example, establishing key performance indicators (KPIs).

I believe that rising interest in the SDGs and other environmental issues presents a business opportunity that will lead to increased demand for the Group. One characteristic of railway transport is that it generates

overwhelmingly less CO₂ compared to passenger cars or aircraft. In fact, the EU has adopted policies encouraging use of railways as a sustainable means of transportation.

In addition, initiatives to realize carbon neutrality by managing CO₂ emissions from not only one's own company, but also other companies involved in associated business activities, are strengthening worldwide. That includes transportation, which employees use for commuting and business travel. If such efforts spread in Japan, people's awareness of railway transport may change.



Human resource development

In order for the Group to embark on a new course of evolution, I believe free-spirited individuality and free-wheeling imagination will also be important.

Safety is our top priority, and for that reason, our human resource development programs to date have perhaps tended to give priority to the defensive areas of management and adjustment. However, going forward, an aggressive stance in the areas of imagination and planning capabilities will also be important if the Group is to create new businesses and evolve in new directions.

We'll be dedicating resources to creating organizations and programs that will allow us to make the most effective use possible of individual employees' skills and abilities in such areas. In September 2022, we introduced a sub-career program that lets employees work a second job at other companies and a career development leave program that lets employees pursue studies and earn professional qualifications. Our goal is to foster the development of individuals whose skills empower them to

prosper professionally not only at the JR-West Group, but anywhere in the world—the kind of employees that are head-hunted by other companies.

We don't want our employees to be too unconventional, but I feel that we will need free-spirited individuality and free-wheeling imagination in our employees going forward.

It will also be essential to create an environment in which each employee can make the most of their skills and abilities. We'll work to create mechanisms that allow a diverse range of people, regardless of gender, nationality, or age to practice an array of work styles. I believe that realizing an environment in which diverse human resources can make the most of their skills and abilities will be critical to the Group's future.

Message to stakeholders

My top-priority mission right now is to get back on our feet after a series of reforms and rebuilding and demonstrate that we're moving forward.

As I mentioned at the outset, the business environment in which the Group operates is presenting unprecedented challenges, and moving beyond them is requiring us to take all possible measures. It is unfortunate that a variety of stakeholders, including customers, shareholders, and employees, are currently shouldering a substantial burden.

To better accommodate dramatic changes in the business environment in a timelier manner, we implemented a transition to a company with an audit and supervisory committee in June 2022. To meet stakeholders' expectations, we will do our utmost to implement structural reforms and rebuild our financial

foundation. More than anything else, the mission with which I am currently entrusted is to complete our reforms and rebuilding as soon as possible and demonstrate to everyone how we've overcome our challenges.

Of course, it's not good enough just to overcome those challenges; we also need to move forward through sure footwork. We've also embraced the challenge of creating a new pillar of business looking ahead 10 or 20 years in the future. By pooling the abilities of all JR-West Group employees, we aim to be a corporate group that evolves together with society.

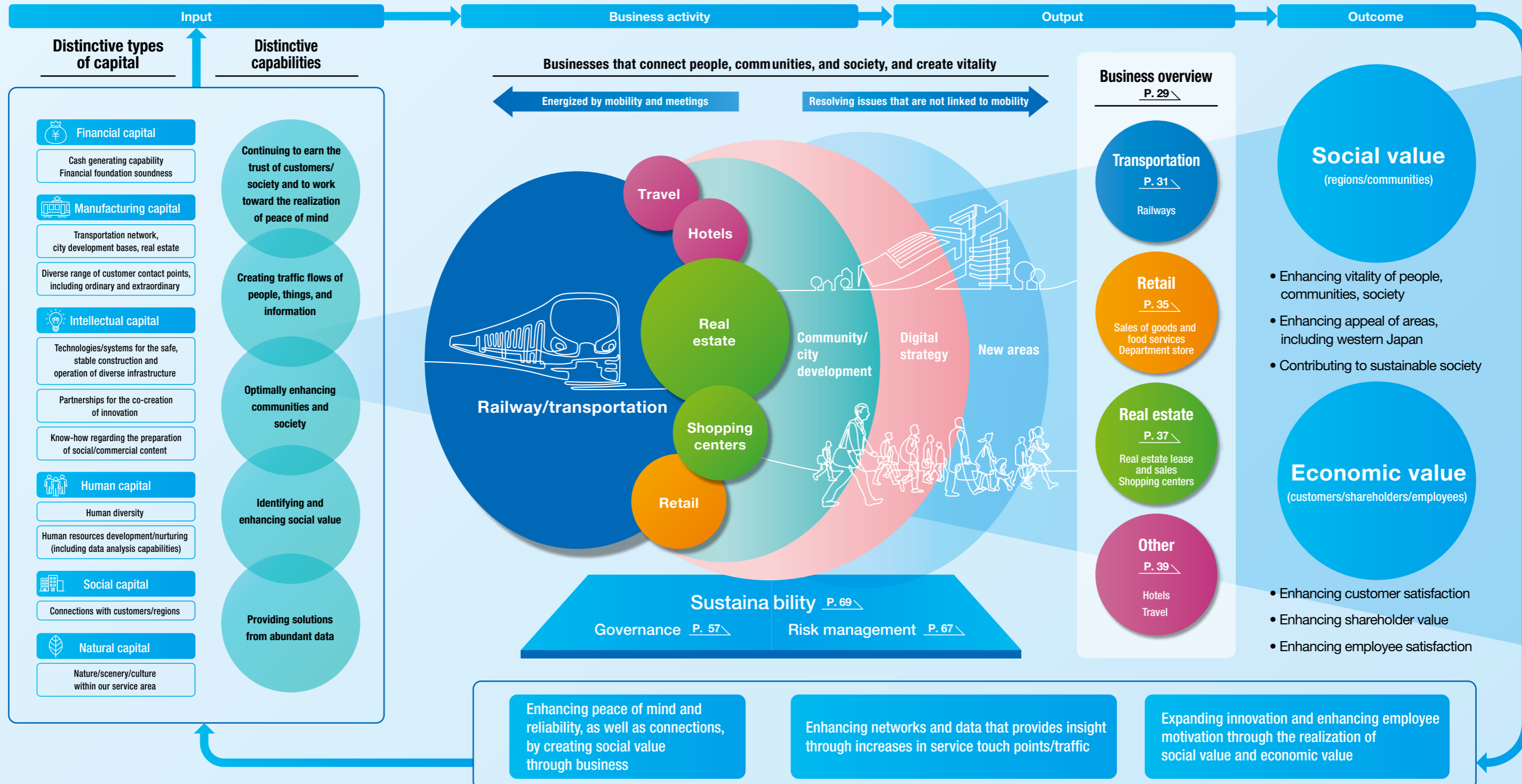
JR-West Group's Value Creation Model

As we stand at a turning point in our business, at which we are witnessing great changes in the structure of society and in what people value, let's look at the value creation models we are currently studying so that the JR-West Group can figure out how to continue providing value.

In order to further boost value for our stakeholders, we want to engage them in deeper discussions to discover which of our current business fields to expand and which new business fields to enter.

JR-West Business Activities

Under the JR-West Group's current business model, besides improving the safety and convenience of railways, we create flows of people centered around our railway business so as to boost synergy with commerce and real estate. Businesses other than real estate are closely linked to mobility, and with the COVID-19 pandemic causing a shrinking of mobility volume, the problems of our business structure have come into sharp relief. To jump-start our railway business, we will boost safety, reform our revenues and expenses, and create new mobility demand centering on the Shinkansen. We will also proceed with community/city development in order to create greater synergy and demand. Further, leveraging the many contact points with customers, we will pursue a digital strategy in which we expand synergy by meticulously meeting their needs. By utilizing our strengths through these efforts, we will widen the scope of business in new fields not directly connected to mobility, thus realizing our goal of creating "a safe and comfortable society filled with meetings among people and smiles."



Ways We Provide Value

Community/City Development

Developing areas centered around stations: Osaka



Head of operations; Vice President, Representative Director, and Executive Officer; Senior General Manager of Regional Revitalization and Development Headquarters

Fumito Ogata

Based on our belief that train stations are not just transport hubs but rather integral parts of their surrounding communities, we are taking a long-term view in our ongoing development around Osaka Station. In spring 2023, the Umekita (Osaka) underground station will open and will connect with the new ticket gate being constructed on the west side of Osaka Station. Around the station, we are in the midst of development under elevated tracks and on a new station building directly connected to the new ticket gate. Development such as this will improve access to the west side of Osaka Station, such as the Umekita 2nd Project area, draw more people to the surrounding districts, and contribute to greater value for the area overall.



2024 Autumn: New station building of Osaka Station

- Direct connection to the new ticket gate of Osaka Station will provide much greater convenience.
- It will comprise offices with business functions geared to diverse work styles, and a commercial area of restaurants and other shops.



2024 Spring: Development of area west of Osaka Station

- Joint project with Japan Post Co., Ltd. and JTB Corporation
- The high-rise portion will house a new hotel brand run by the JR-West Group; scheduled to open in summer 2024.

Previous Osaka Station Development

- In 2011, after JR-West opened Osaka Station City, other companies opened facilities such as Grand Front Osaka and the Umeda 1-Chome 1-Banchi Project. These increased the number of visitors and workers in the district.
- Osaka Station became the largest terminal station in western Japan and the area around the station evolved into a cluster of wide-ranging urban services.



Artist's conception of Umekita (Osaka) Station

Potential of Osaka Station Area

External Environment and Opportunities

- Summer 2024 Umekita 2nd Project advance opening
- 2025 Expo 2025 Osaka, Kansai
- Spring 2031 Naniwasuji Line to open*

* Constructor/owner: Kansai Rapid Railway Co., Ltd. Operators: JR-West, Nankai Electric Railway Co., Ltd.

2023 Spring: Umekita (Osaka) underground station Joint creation with JR West Labo

- Besides improving access to and from places like Kansai International Airport, it will function as a gateway to the Umekita 2nd Project.
- Both the underground and above-ground facilities of Umekita (Osaka) Station* will be positioned as the center of an innovation testing ground called JR West Labo, where JR-West and various partners will creatively collaborate in accelerating open innovation.

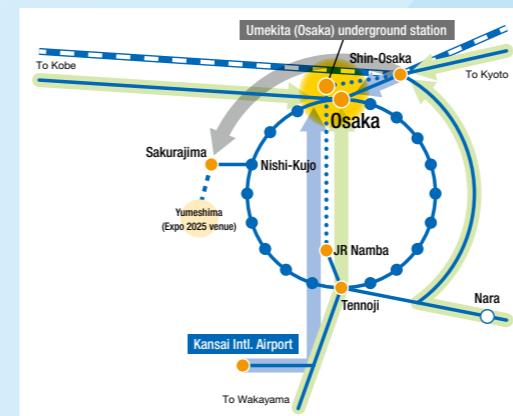
* The overall opening, including above-ground facilities, is scheduled for spring 2025.
▶ Image video: <https://youtu.be/Sp-fXJWjgww>

2011: Osaka Station City Opens

In 2011, Osaka Station City, western Japan's largest terminal station, opened. It comprises the Lucua shopping center and the Hotel Granvia Osaka, both run by JR-West Group companies, offices, and other facilities.

First year after opening (fiscal 2012)

Revenue growth Overall: Approx. ¥47 billion increase From transportation revenues: Approx. ¥5 billion increase	Number of short-haul tickets sold at Osaka Station Approx. 10% year-on-year increase
	Number of passengers daily at Osaka Station Increase of approx. 20,000 per day



JR-West Group's Strength: Railway Network

After the Umekita (Osaka) underground station opens in spring 2023, the Haruka express train going to Kansai International Airport, the Kuroshio express train going to Wakayama, and trains on the Osaka Higashi Line will stop at Osaka Station. This will greatly strengthen JR-West's wide-area network.

And with the Naniwasuji Line scheduled to open in spring 2031, access will further improve to places like Kansai International Airport and Shin-Osaka Station, creating positive effects such as strengthening Osaka's north-south transportation axis.

Travel time between Osaka Station and Kansai International Airport

	Transportation means	Time
Currently	Kansai Airport rapid service from Osaka Station	64 minutes
After underground station opens	Haruka express from underground station	Average 48 minutes*

* After Naniwasuji Line opens; train schedules not yet fixed.

Ways We Provide Value

Digital Strategy

By using digital technology to leverage the vast and varying amounts of data held by the JR-West Group, we can offer more engaging real-world experiences in stations, shops, and communities, thus continuously creating new value and invigorating western Japan. To this end, we will undertake three forms of rebuilding (rebuilding the customer experience, rebuilding railway systems, and rebuilding the employee experience) as well as reform business through their respective processes.



Head of operations; Director and Executive Officer; Senior General Manager of Digital Solutions Headquarters
Hideo Okuda

Value Creation through Digital Transformation

In October 2020, we formulated the JR-West Group Digital Strategy. Since then, we have been working rapidly across our organization to achieve three forms of rebuilding: rebuilding the customer experience, rebuilding railway systems (realizing our Technology Vision), and rebuilding the employee experience. In doing so, we have striven to raise corporate group value by refining our existing businesses and marketing capabilities, and by maximizing synergy to boost profitability. With the various products and solutions that have arisen from these efforts, we have not only raised the value of the JR-West Group; we have also undertaken businesses that create external revenue by providing our products and solutions to

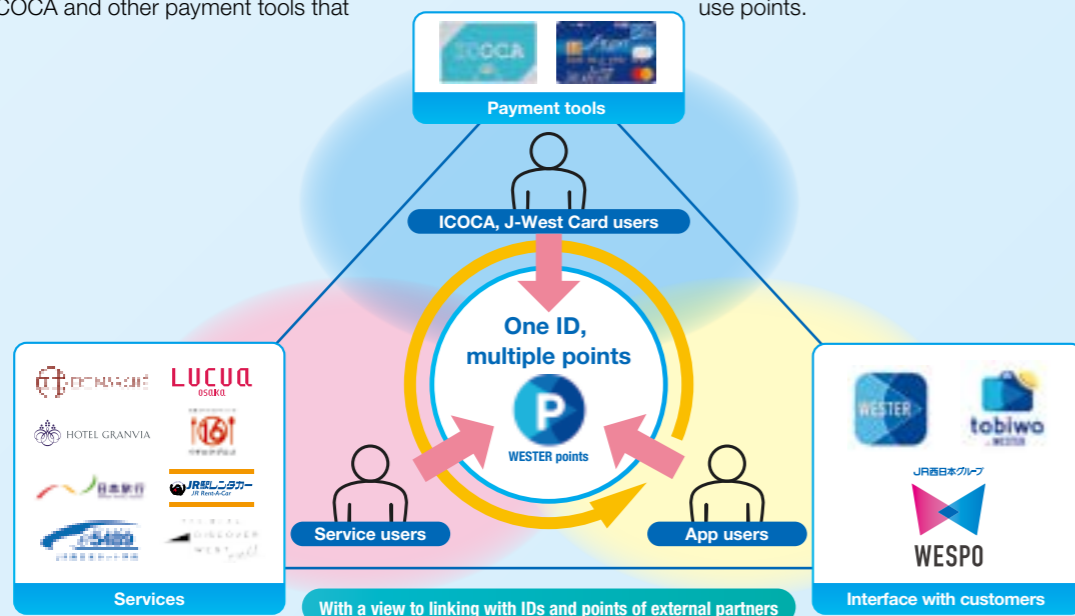
other companies in our industry and even to companies in other industries. We plan to make diverse use of these resources in future.

Our entire group and various external partners are striving to invigorate the society and economy of western Japan and other areas. One example of this is the JR-West Group's WESTER Point, a new shared point service through which we are offering people more opportunities to travel and spend and, in the process, promoting more widespread regional consumer spending.

Achieving Group Synergy through Data

The JR-West Group leverages group synergy while collaborating with external partners so that customers can make greater use of products and services, both through repeated use and through use of various services. This synergy makes possible advancements in multiple areas; for example, ICOCA and other payment tools that

provide convenience and savings anytime and anywhere, apps that provide a 24-7 interface indispensable to customers who are always on the move, a range of services operating in both the real and digital worlds, and our WESTER Point cross-platform service that makes it easy to accumulate and use points.



Creating New Businesses

While building a range of one-to-one service interfaces with customers in the digital world, we believe it is important to enrich the value of real-life encounters where people meet and smile face to face. In the expanding commercial sphere of the metaverse, we are working with partners to find businesses

that create new value as we strive to build a new business structure outside of mobility.

What's New

Metaverse Business Virtual Osaka Station

JR-West has taken the ever-evolving real-world Osaka Station and linked it to its virtual incarnation, with both these worlds interacting to create new value. On the occasion of this Virtual Osaka Station project, JR-West is collaborating with other companies and creating locally flavored communities on the metaverse. The project aims to use our stations as a starting point to a virtual world offering new value creation.



Building safe and reliable railways that offer peace of mind

Enhancing safety, with the Fukuchiyama Line derailment accident as the starting point

The derailment accident on the Fukuchiyama Line

On April 25, 2005, issues at the West Japan Railway Company resulted in an accident on the Fukuchiyama Line, an extremely serious accident resulting in 106 fatalities and 563 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.

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.

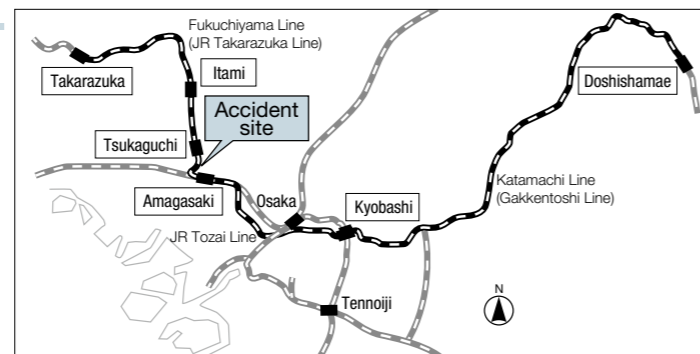
Overview

Date/time Monday, April 25, 2005, approx. 9:18 AM
Weather conditions: sunny

Location Between Tsukaguchi Station and Amagasaki Station on the Fukuchiyama Line
Approx. 1,805 m before Amagasaki Station (Amagasaki City, Hyogo Prefecture)

Train involved Rapid train from Takarazuka Station bound for Doshishamae Station
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 approximately 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 the train was traveling.
In this derailment, 106 passengers and the train driver were killed. Furthermore, 562 passengers and 1 pedestrian walking near the scene were injured.



Cause of the accident

From the *Railway Accident Investigation Report* issued by the Aircraft and Railway Accidents Investigation Commission (now the Japan Transport Safety Board)

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.

Continuing reflection and passing on the lessons of the accident

No matter how much time has elapsed since the accident, and no matter how many generations pass, we must never let it be forgotten, instead making the derailment accident on the Fukuchiyama Line the starting point for all of our safety initiatives. Looking to the future, to ensure that we pass on the serious reflections and lessons that this

accident has taught us, we have reviewed the problems that were present in our corporate culture and safety management at the time and formulated "Achieving Railway Safety into the Future," which outlines what we should hand on as a compass for safety in the future. This was announced in March 2021.

Points to reflect on, and their background

At the time of the accident, JR-West had not put in place systems to identify and deal with risks when planning and implementing management policies, and we did not have an ATS (Automatic Train Stop) system with speed check functions installed on the curve where the derailment occurred. Moreover, our understanding of human factors was insufficient, and we had reeducation measures in place that were seen as being punitive. Further, there were problems within our organization, including stagnating technical capabilities and a decreasing awareness of safety,

excessive top-down communications, and overconfidence due to our previous successes.

As this shows, at the time of the accident, there were a slew of issues in every aspect of our safety management, and we had been unable to build a company-wide framework for ensuring safety and establish a corporate culture in which safety is the highest priority. We have deeply reflected on our failure to fulfill our responsibilities as a company entrusted with the lives of our passengers.

Reflections on the derailment accident on the Fukuchiyama Line

We had been unable to build a company-wide framework for ensuring safety and establish a corporate culture in which safety is the highest priority. In other words, we did not fulfill our responsibility as a company entrusted with the precious lives of passengers.

Major background factors to reflect on (Problems rooted in the organization)

How to address safety and ensure it in an organizational context

- We had not based our thinking on the idea that risk is inherent to operating a railway, and thus efforts must be made to prevent possible accidents with serious consequences, regardless of the laws and regulations.
- Because of strongly embedded perceptions that specialist divisions should be responsible for their own activities, management was not prepared to work together with the entire organization to make safety a top priority.
- We were not working from the concept that any person may make a mistake, which led to the spread of idealistic instruction that had the potential to be perceived as punitive.
- Front-line employees were under the expectation that they should do what they had been told, exactly as they had been told, and as an organization JR-West had not yet matured to a level that allowed the opinions of its employees to be heard, recognized the personalities and independence of each person in the company, and improved the safety and quality of service through proactive effort.
- Attitude toward society and overconfidence and excessive pride in railway operations
- We had grown overconfident and excessively proud of our operations, and we lacked the humility to learn from outside our own organization.

Learning from the lessons of the accident

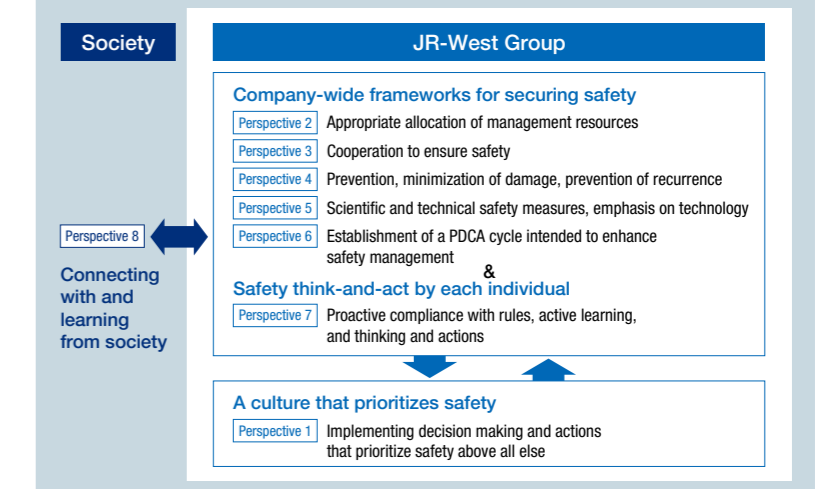
In order to continue to operate safe railways in the future, we must create a company-wide framework for ensuring safety and leverage that framework to encourage safety "think-and-act" by each individual.

These activities will give rise to a culture in which safety is the highest priority, leading to the construction and improvement of systems and increased safety-oriented thinking and action by all individuals. Repeating this cycle will allow continuous improvements to safety.

In addition to promoting safety initiatives within the company, we will work to connect with and learn from society while gaining the cooperation of our customers and society at large, thus further improving railway safety.

Based on the lessons learned from the accident on the Fukuchiyama Line, we defined the following essential perspectives in achieving safety.

Essential perspectives in achieving safety



Initiatives based on the essential perspectives in achieving safety

We will periodically check the direction and effectiveness of our safety initiatives, which are based on the essential perspectives in achieving safety, as we build mechanisms that improve safety and raise the level of our safety management. Moreover, we will work

harder on employee education by, for example, increasing their understanding of the purpose and background of the safety initiatives and making them aware of the role they have to play in putting these into action.

Building safe and reliable railways that offer peace of mind

Enhancing safety, with the Fukuchiyama Line derailment accident as the starting point

Memorial Grove (Inori no Mori) at the accident site

The place where the Fukuchiyama Line accident occurred holds great importance. It recalls the sorrow felt by those who lost their lives, the grief of their families, and the painful memories of those injured. It also preserves traces of the aftermath of where the train derailed and crashed. It is thus the site of Memorial Grove, which 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 ongoing safety as the company continues to carefully and responsibly preserve the site for all future generations.



Efforts to keep the accident in mind and think and act accordingly

Based on our strong determination to prevent an accident such as that on the Fukuchiyama Line from ever occurring again, we conduct training and other initiatives to increase the awareness of each employee regarding safety. This will ensure that we do not forget this accident and will allow us to put the lessons learned from it into practice in our daily work.

Safety Day and workplace initiatives

In order to never forget the Fukuchiyama Line accident and to build a corporate culture that prioritizes safety above all else, we have made the 25th of each month Safety Day to mark the accident's occurrence on April 25, 2005. Company-wide activities are held on this day.

Besides visiting Memorial Grove, employees of each workplace plan and implement a range of activities, including first-aid training for customers, discussions among employees in different jobs, viewings of interviews with victims of the accident, and talks by employees who were there at the time.

Safety training at the Railway Safety Education Center

The Railway Safety Education Center is a JR-West site for employee learning. It comprises the Fukuchiyama Line derailment accident training section, where participants reflect on the Fukuchiyama Line accident and its causes in order to learn ways to improve safety, and the railway accident history training section, where participants systematically study and learn from past train accidents.



Initiatives in the workplace

We young mid-level employees do everything from planning initiatives for Safety Day to acting as instructors for safety education. Armed with a sense of purpose and the aim of putting safety thinking into real action, we create a training curriculum by first firmly imprinting in their minds that the Fukuchiyama accident is their direct concern, then discussing what topics to cover so that by the end of the course participants are able to talk about the accident in their own words. Training so far has included visits to Memorial Grove, overviews of the accident, lessons learned, and initiatives implemented after the accident.

For example, we set aside time to study how our Safety Charter was created and what it means. While continuing to learn ourselves, we will strive to raise employees' awareness and sensitivity to making safety a top priority in all workplaces, with the goal of having each employee put safety thinking and action to work every day.



Izumi-Fuchu Station, Kansai Regional Head Office
Shota Murosaki, Yuki Egawa,
Takahiro Watanabe

Safety think-and-act training

Safety think-and-act training is conducted for all employees of JR-West and its group companies. The aim is to keep the Fukuchiyama Line derailment accident firmly in mind, strengthen determination to build safe railways, and attain a systematic understanding of safety measures through lessons learned from serious accidents. Through study at the Railway Safety Education Center and Memorial Grove, and dialogue with JR-West management, employees think how to make safety the top priority in daily work. By the time their training is over, they have written in their safety promise notebooks what they have learned and concrete targets for how they will think and act for the sake of safety in their jobs.



Responding to victims

We will continue to respond to the needs of those who suffered from the Fukuchiyama Line derailment accident through concerted ongoing efforts to listen closely to their thoughts and opinions.



Memorial ceremony

To express our condolences to those who died in the Fukuchiyama Line derailment accident, in September 2005 we held a Memorial Ceremony and Safety Event. We have followed this up with a Memorial Ceremony every year on April 25.

Explanation meetings

Every year we hold explanation meetings at which the company president and other associated executives inform accident victims directly of our improvements to safety and initiatives we have taken to address issues, as well as receiving input from them.

Initiatives toward creating a society that affords safety and peace of mind

As a company entrusted with the precious lives of passengers, we are committed to reflecting on the gravity of allowing such a major accident to occur 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 strives to enrich people's hearts and lives by engaging in projects that provide physical and mental care to those affected by accidents and disasters, while also joining projects for building safer local communities.

Hosting events

The foundation holds Life Seminars presented 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 10th anniversary, the organization now holds an annual essay contest for elementary and junior high school students on the topic of life, and shares the best submissions with the community.

Offering grants

The foundation offers grants to support groups and research projects working on preparations and recovery care for accidents, natural disasters, and unforeseen tragedies, in an effort to create a society that affords safety and peace of mind. Furthermore, in order to help promote emergency aid/life support training in local communities the foundation subsidizes AED practice equipment and also supports a group whose achievements include providing Inochi no Denwa (a suicide prevention line servicing the six prefectures of the Kansai area).



An online Life Seminar



JR-West provides AED practice equipment



Essay contest booklet



Building safe and reliable railways that offer peace of mind

Steady implementation of the JR-West Group

Railway Safety Think-and-Act Plan 2022

The JR-West Group Railway Safety Think-and-Act Plan 2022, which was inaugurated in fiscal 2019, was formulated as a plan to pursue safety by going back to first principles, and it was motivated by a desire to ensure that we will never again allow an accident such as that on the Fukuchiyama Line to occur.

On the basis of fostering the spread of safety-first awareness, we will work over a five-year period to enhance railway systems that maintain safety by enhancing organizational safety management and practicing safety think-and-act initiatives by each individual. By realizing safety management with all employees participating, we will strive to prevent serious incidents and labor accidents.



Head of operations;
Vice President, Representative Director, and Executive Officer;
Senior General Manager of Railway Operations Headquarters
Keijiro Nakamura



Head of operations;
Director and Senior Executive Officer; Deputy Senior General Manager of Railway Operations Headquarters; General Manager of Transport Safety Department
Hiroaki Maeda

Objectives of the JR-West Group Railway Safety Think-and-Act Plan 2022, and progress under the plan

Objectives		FY2019	FY2020	FY2021	FY2022		
Objectives over the 5 years through FY2023	Train accidents that result in casualties among customers	Zero	0	0	0		
	Train labor accidents that result in fatalities among employees	Zero	0	0	0		
FY2023 objectives Further 10% decrease from objective in Safety Think-and-Act Plan 2017*1	Train accidents involving people that result in casualties among customers*2	Further 10% reduction	9	11	8	5	4
	Accidents at level crossings	Further 10% reduction	22	24	17	11	17
	Transportation disruptions due to internal factors	Further 10% reduction	126	170	167	145	142

*1 Further 10% decrease from the objectives achieved in Safety Think-and-Act Plan 2017

*2 An expansion of scope from the objective "Train accidents with casualties on platforms" in Safety Think-and-Act Plan 2017

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

Safety management with all employees participating

Each employee considers specific risks

To ensure the safety of not only customers but also fellow group employees, each JR-West Group employee must take a moment to think with regard to potential risks. Only then can we ensure that our decisions and actions prioritize safety above all else.

Enhancement of railways systems that maintain safety

Object-based improvements

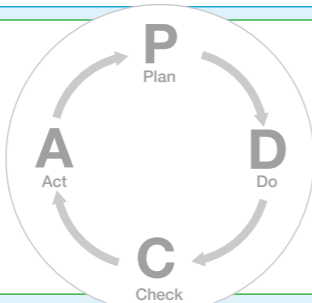
- Maintenance-related investments to ensure upkeep and improvement of current facilities' functions
- Investments and technological developments for increased safety levels
- Investments for reduced labor through mechanization and system-based changes

Policy-based improvements

- Compliance with subjective rules and improvement of technical capabilities and skills
- Establishment of measures to effectively reduce worker-caused errors
- Improvement of response flexibility with a focus on safety first

Enhancement of organizational safety management

- Improvement of quality of risk assessment
- Enhancement of safety management system
- Development of means to establish and maintain realistic rules



Implementation of safety think-and-act by each individual

- Creation of an environment that facilitates reporting of problems/concerns
- Establishment of self-management and self-improvement practices
- Implementation of measures that can be enacted as a group

- Understanding and putting into practice efforts developed in the wake of the derailment accident on the Fukuchiyama Line as well as safety-related policies
- Improvement in sensitivity to safety and development of judgmental skills and actions that prioritize safety

Fostering the spread of safety-first awareness

Instilling an awareness of safety as the top priority

Every person in the JR-West Group will keep the derailment accident on the Fukuchiyama Line foremost in their minds and, with an understanding of safety-related policies, will increase their awareness of safety by considering risks in a concrete

manner. By taking real action without hesitation, such as halting trains and stopping work when we feel that a situation may be dangerous or when safety cannot be confirmed, we will create a culture that prioritizes safety.

Ways we boost safety

Learning from incidents occurring at other sites
(Goto Depot, Chugoku Regional Head Office)

We hold monthly discussions based on incidents that have occurred at other sites so that we can think about how we should react if a similar incident were to occur at our site.

Videos are used to make it easier to envision situations, allowing facilitators to empower participants to think for themselves by, for example, pausing the video at key moments and asking them to think about specific risks and how they could properly be addressed.

Through this program, we are working to spread awareness that safety is the top priority, such as by ensuring that any employee would stop operations without hesitation if faced with a decision that prompted confusion.

Videos are used to envision each situation



A discussion about how to respond



Putting our safety-first think-and-act approach into practice

Through education and related programs undertaken to date, employees have developed a better understanding of the importance of our safety-first think-and-act approach. However, some employees have not actually faced a problem situation themselves. We thus decided to have employees envision specific situations and think about how to address them. The program's format, which uses methods like video to make it easier to imagine actual situations, invites participants to share their thoughts.

I feel that the program, which has employees to think for themselves about how to deal with various situations, is helping them learn from each other.

We'll further hone workers' ability to deal with emergencies by, for example, adding new learning materials.



Assistant manager, Goto Depot,
Chugoku Regional Head Office
Daiki Tanaka

Raising awareness of the overriding importance of safety as we learn from each other

We learn by actively sharing our thoughts so that we hear good ideas that we might not have come up with ourselves. And since it's based on actual incidents, it's easy to see how you might face a similar situation. I feel that my own awareness has changed—for example, when I ride the train these days, I find myself looking for the emergency button in the carriage.

We'll continue to put our safety-first think-and-act approach into practice by actively participating in this program.



Rolling stock management staff,
Goto Depot,
Chugoku Regional Head Office
Tooru Kubo

Building safe and reliable railways that offer peace of mind

Steady implementation of the JR-West Group Railway Safety Think-and-Act Plan 2022

Enhancement of organizational safety management

To improve the functions of railway systems for maintaining safety, we are constructing organization-wide mechanisms to ensure safety, such as safety management systems and risk assessment*1, 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.

Specifically, we will improve the quality of risk assessments, which help to prevent serious incidents and labor accidents, and construct systems for safety management reviews*2, and then utilize a PDCA cycle to improve these continuously.

Ways we boost safety

Visualizing emergency response skills
(Osaka Construction Office)

At the Osaka Construction Office, we've been providing feedback to each construction site in the form of good practices and areas needing improvement when we carry out training exercises. Recently we've been working to visualize emergency response skills as a way to further improve those skills.

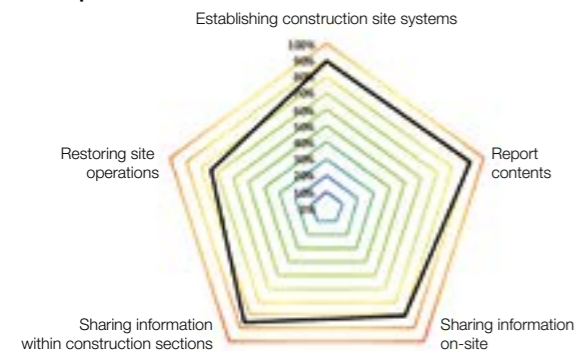
Specifically, we're identifying strengths and weaknesses and using them to more actively implement initiatives and give employees a sense of accomplishment by awarding points in various areas, for example "establishing construction site systems," as feedback.

We'll continue working to improve our emergency response skills while refining our visualization effort as well.

Emergency response training



Worksheet for visualizing emergency response skills



*1 Risk assessment: The process of identifying, evaluating, and prioritizing risks, and then discussing appropriate measures for all prioritized risks
*2 Safety management review: A system under which management reviews and evaluates the construction and improvement of safety management systems, and then revises and improves them as necessary

Visualization helps improve employees' emergency response skills

When reflecting on the training we've conducted in the past, I've felt that it's been difficult to identify areas where we did better than in the previous training session. By identifying the elements necessary in order to respond in the event of an emergency and then assigning points for each, we've made it possible to discover improvements as well as areas needing improvement at a glance. By indicating the necessary arrangements in a specific manner, we've taken steps to increase the precision of scoring.

Feedback from participants indicates that this effort has helped them identify their own weaknesses, so I feel it's having an effect.

In addition, by sharing results with other construction sections, we're encouraging sites to learn from each other. Going forward, we'll work to realize further improvements in emergency response skills by, for example, increasing the precision of scoring further.

Transport Safety Division, Osaka Construction Office

Masaki Nishikawa



Enriching our training program based on the strengths and weaknesses we've visualized

Scoring emergency response skills and using them to provide feedback has made it easy to identify which areas should be given priority in future improvement efforts. In addition, I feel that it's proven convincing to employees and allowed them to ascertain their own issues.

For example, when it became apparent that the speed with which information is shared at the construction section was a weakness, that led to specific improvements, such as the use of a chat tool.

We'll continue to enrich the content of our training programs to further boost our emergency response skills.

Assistant director, Hiroshima Station Building Construction Section, Osaka Construction Office

Junichi Tahara



Safety think-and-act by each individual

Each of us endeavors to report and share information on safety—which leads to organizational safety measures—using this information to evaluate and implement self-management.

While encouraging and commending the efforts made by every person to improve safety, we publish examples where

people have been particularly creative or ingenious at each work site, disseminating them across the organization through work presentations and in-house publications and adopting their ideas as safety measures.

Ways we boost safety

Creating an environment conducive to reporting with 2D barcodes
(Morinomiya Train Drivers Unit, Kansai Regional Head Office; others)

Whereas train crew members use special forms to report information that they feel is concerning, the Morinomiya Train Drivers Unit has enabled crew members to file reports by email after scanning 2D barcodes with a tablet. Since crew members can file reports from the field when they become aware of potential concerns, the measure is helping identify more risks.

There's also a move on the part of other sites to adopt this system. For example, the Kusatsu Train Drivers and Conductors Unit actively commends crew members who report valuable information. Those reports are shared with other crew members to facilitate additional reports and identify risks.

2D barcode for reporting



Studying risks based on reports



Commending crew members who have provided valuable reports



Taking steps so drivers can report information of concern more easily

We began using 2D barcodes so that drivers could file reports immediately from the field when they feel concerned. The ability to attach photos to the reports is helping us more precisely assess conditions in the field.

This system has increased the amount of information we receive from drivers, and it's helping us identify and address specific risks.

We plan to share information more effectively by using 2D barcodes and other technology for other reports and for communicating information to drivers.

Assistant manager,
Morinomiya Train Drivers Unit,
Kansai Regional Head Office

Junichi Kuroki



Adopting the Morinomiya Train Drivers Unit's system

When I read about the Morinomiya Train Drivers Unit's system on an internal information-sharing site, I felt that we should adopt it, too. A discussion with my boss led to a decision to try it ourselves, so I contacted Mr. Kuroki, the Morinomiya unit's assistant manager, for details.

The number of reports has risen at the Kusatsu Train Drivers and Conductors Unit, and I feel the measure is having an effect. We too plan to pursue additional initiatives using tablets in the future.

Driver, Kusatsu Train Drivers and Conductors Unit, Kansai Regional Head Office

Kazuyuki Tsuneto



Preparing for the next Medium-Term Management Plan

The Medium-Term Management Plan was revised in October 2020 to reflect the onset of the COVID-19 pandemic. We have been making steady progress along four strategic axes, including enhancing safety and strengthening management. However, due to the prolonged pandemic, we expect that in fiscal 2023, the final year of the plan, we will miss the targets for various management indices that we created when we revised our medium-term management plan in October 2022. Having gained the strength to grow through a public stock offering, our goal is to ensure the next Medium-Term Management Plan will place us on a footing to advance to the evolution/growth stage as quickly as possible by realizing a recovery in demand and creating new demand in the future.

Background to the revision of the Medium-Term Management Plan

Changes in the business environment and revision of the Medium-Term Management Plan

The JR-West Group has been significantly affected by the pandemic, in the railway and various other businesses. In the midst of a rapidly changing external environment, we revised the JR-West Group Medium-Term Management Plan 2022 in

October 2020, 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.

Operating environment changes and assumptions

- Dramatic changes in the external environment due to the pandemic (changes in behavior, such as telework and online meetings; diversification of values)
- A future that came earlier than anticipated, an unpredictable future
- We assume that transportation revenues, our mainstay, will return only to approximately **90% of pre-pandemic levels**
- Focusing on the circumstances regarding the resolution of the pandemic. **Flexibly adding revisions** to the Medium-Term Management Plan

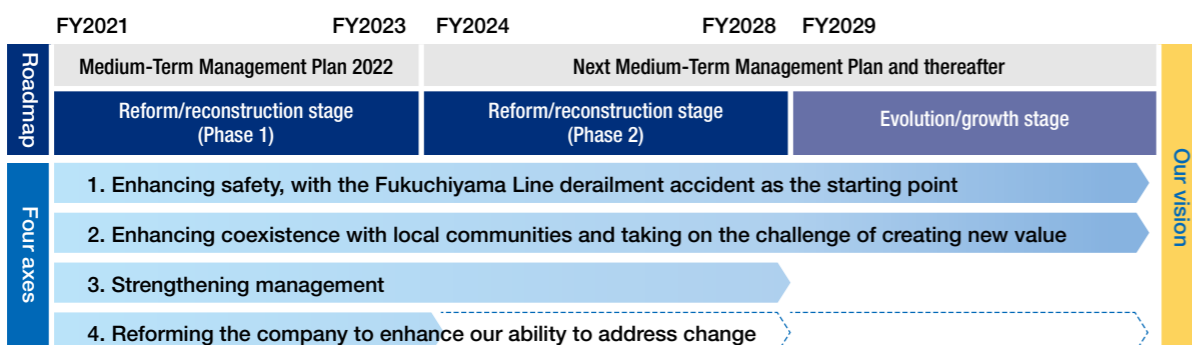
Direction of revisions

- **Indication of our future direction**, based on our understanding of current circumstances, in which we cannot predict the details of the changes in a post-pandemic society (The period until March 2028 [FY2028] has been positioned as a time for reform and reconstruction.)
- Reconfirmation of **our unchanging values** and **the significance of the JR-West Group's existence**, even in the midst of change
- On that basis, our understanding of **things that we will change**, with the assumptions that the financial position will worsen and that usage will not return to the previous status

Four strategic axes, and roadmap for management reconstruction and business structural reforms

The roadmap for reconstructing our management following the pandemic and realizing business structural reforms consists of three stages. We're rebuilding our medium- and long-term strategies along the four axes described below as we focus on the reform/reconstruction stage in strengthening management and

enhancing our ability to address change while simultaneously taking on the challenge of increasing safety, enhancing coexistence with local communities, and creating new value throughout the plan's period. During the subsequent evolution/growth stage, we'll work to facilitate additional development.

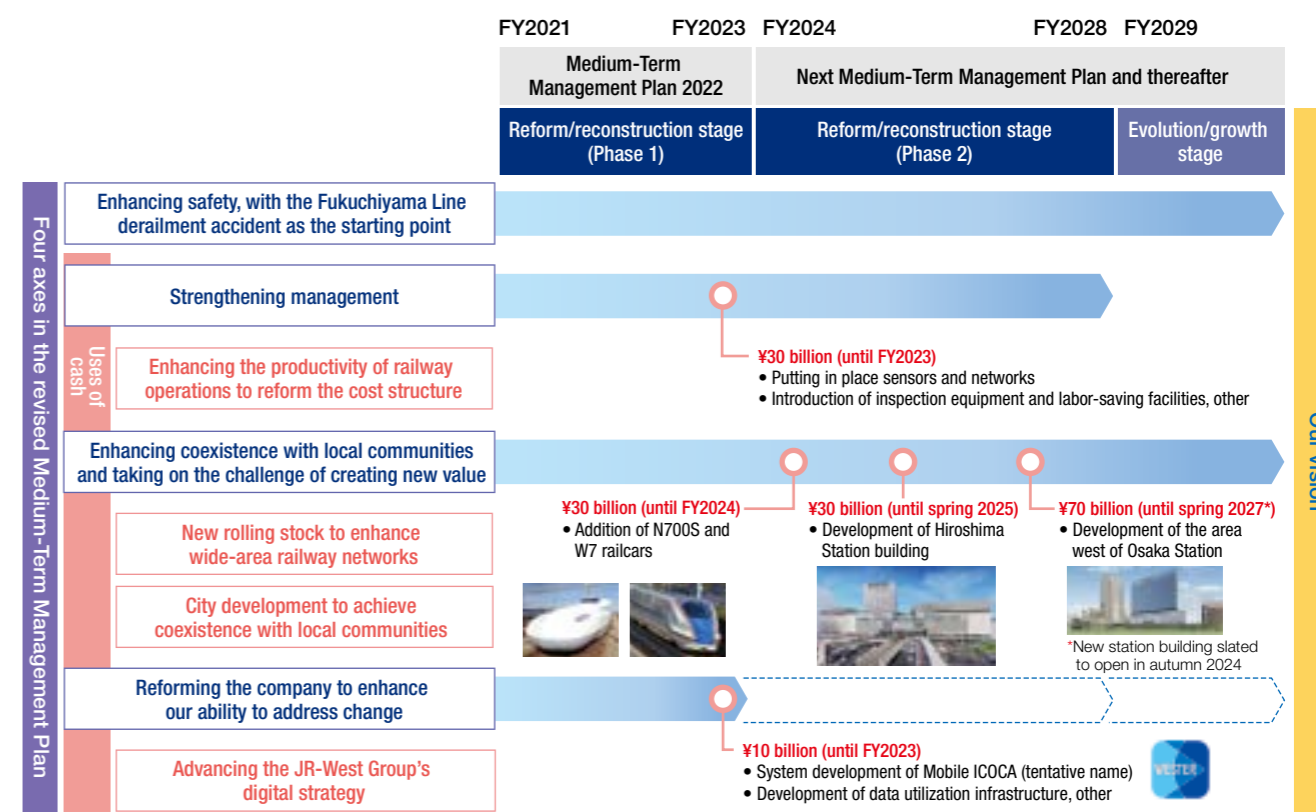


Public stock offering

Although we have still not yet fully recovered from the drop in railway demand caused by the pandemic, we raised funds through a public stock offering in September 2021 in order to realize growth through tourism and city development in the post-pandemic "new normal" era. This approach has made our balance sheet more robust, and it helped us gain strength to grow. We will deal with the future recovery in demand and new demand creation events from a funding standpoint as we strive

to increase shareholder value through growth once the pandemic has come to an end.

The use of funds is outlined below. We will work to realize pre-pandemic profit levels as quickly as possible by adopting an approach that's informed by both profit and cost considerations and that aligns with the four axes described in the revised Medium-Term Management Plan.



Management indices

The management objectives for fiscal 2023, the final year of the Medium-Term Management Plan, were revised downward from the initial values (announced in April 2018) due to the pandemic. In addition, we've revised the objectives based on the assumptions that the pandemic will continue and that the

prolonged pandemic will push back a recovery in usage beyond what was envisioned when the Medium-Term Management Plan was revised. As a result, we expect that performance will fall short of the objectives that were established when the Medium-Term Management Plan was revised.

Management indices	Results for FY2018	FY2023 objectives (As of April 2018)	FY2023 objectives (October 2020 revision)	FY2023 forecast
Consolidated operating revenue*	¥1,500.4 billion	¥1,630.0 billion	¥1,450.0 billion	¥1,309.0 billion
Consolidated EBITDA	¥356.1 billion	¥400.0 billion	¥330.0 billion	¥193.0 billion
Consolidated ROA	6.3%	Mid-6% range	Approx. 4%	0.8%
(Reference) Consolidated ROE	11.3%	Approx. 10%	Approx. 9%	5.9%
Transportation revenue*	¥867.8 billion	¥890.0 billion	¥775.0 billion	¥673.0 billion

*The impact of applying the Accounting Standard for Revenue Recognition has not been taken into account (except for FY2023 forecast).

Preparing for the next Medium-Term Management Plan

Progress in implementing the Medium-Term Management Plan

Enhancing safety, with the Fukuchiyama Line derailment accident as the starting point

With regard to safety, which is a top-priority strategy that embodies the very basis of management, we're making steady progress in implementing additional safety improvements and railway labor accident countermeasures in line with the JR-West Group Railway Safety Think-and-Act Plan 2022.

Enhancing coexistence with local communities and taking on the challenge of creating new value

With regard to enhancing coexistence with local communities, we're creating new demand from two approaches: improving railway networks and city development. Efforts include increasing the number of N700S cars on the Sanyo Shinkansen, enhancing EX service functions, and developing the area around Toyama Station to attract more visitors with the opening of the Hokuriku Shinkansen (MAROOT and Hotel Vischio Toyama).

With regard to new value creation, we're working together with various external partners while utilizing existing assets as a strength. As part of that effort, we're searching for opportunities to provide solutions that we've developed in our problem resolution activities and our businesses to other companies in our industry as well as to companies in other industries.

P17-24

Railway networks

Shinkansen

- Add N700S cars on Sanyo Shinkansen
 - ☑ Two trains each in FY2021 and FY2023
- Expand functionality of EX service
 - ☑ Start of service on Kyushu Shinkansen (June 2022)
 - ☑ EX-MaaS and EX Dynamic Package (tentative names), other
- Add W7 series cars on Hokuriku Shinkansen (from FY2022)



Kansai urban area

- Umekita (Osaka) underground station (spring 2023)
- Make Nara Line into double-track railway (spring 2023)
- Naniwasuji Line (spring 2031)



Strengthen marketing, other

- Rebuild inbound tourism strategy
- Study yield management and fare system
- Identify and implement optimal transportation system

City development around JR sites and along railways

Large-scale city development projects

- Osaka
 - ☑ Development of area west of Osaka Station (from spring 2024)
 - ☑ New station building (autumn 2024)
 - ☑ Development under elevated tracks (from autumn 2024)
 - ☑ Above-ground station building of Umekita (Osaka) underground station (spring 2025)
 - Hiroshima: New station building (spring 2025)
 - Sannomiya: New station building (FY2030)
 - Kyoto: Development of area northwest of Kyoto Station (FY2030)
 - Toyama: MAROOT, Hotel Vischio Toyama (March 2022)
 - Okayama: Redevelopment of area in front of Okayama Station (from FY2027)
- ##### Other projects
- Suita SST (April 2022)
 - Suma Aqualife Park and Suma Seaside Park redevelopment project (from FY2024)

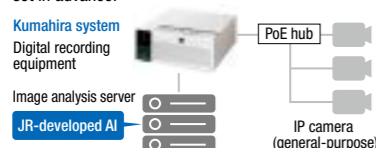


Telecommunications business utilizing the railway business optical-fiber network

- Opening up the railway business optical-fiber network, which offers high quality, high stability, and high reliability
- Taking on the challenge of business development initiatives that find new uses for existing business assets
- Started optical fiber core wire rental service in October 2021

Contributing to the creation of a safe, secure society through AI technology

- Image analysis technology developed by JR-West incorporated in surveillance camera system from Kumahira Co., Ltd.
- AI analyzes people* and objects recorded by the camera and detects people's movements and objects that it has previously learned. It can also detect the entry of people into designated areas that have been set in advance.



*The AI human detection technology using in this project estimates and detects the movement of the human physique. It does not identify individuals through things like facial recognition and movement tracking. (Developed in accordance with the *Guidebook for Utilization of Camera Images* from Japan's Ministry of Internal Affairs and Communications)

Open innovation initiatives among railway operators

- Co-creation activities, such as the sharing of technologies and know-how and the resolution of issues, are being implemented among railway operators throughout Japan. These operators are identifying common issues in operations and maintenance and searching for methods of resolving social issues in local communities.
- As a solution facilitating the easy provision of guidance to customers at unstaffed stations, Choshi Electric Railway Co., Ltd. started operation of Scomm., an information terminal developed by the JR-West Group. (February 2022)

Services centering on new lifestyles

- Opening Work PLACE COCOLO and providing workplaces on Shinkansen trains as a way to build a network of workplaces
- Proposing a "second hometown" to Suita SST residents as part of a "metropolitan area residence + regional community" initiative

Strengthening management

P31-P40

We're moving forward with reforms in cost structures on both a non-consolidated basis and for group companies in order to strengthen management. With regard to reductions in fixed costs for railways, an area of particular focus, we realized structural cost savings of 12 billion yen during fiscal 2022 by optimizing train schedules, increasing the productivity of railway operations, and realizing efficient management through organizational

reforms and work style reforms. Group companies realized structural cost savings of 13 billion yen by improving the profitability and asset efficiency of existing outlets through the optimization of operating structures and through transitions in business structures. During fiscal 2023, we're aiming to increase those savings to 20 billion yen on a non-consolidated basis and to 14 billion yen for group companies.

Reforming the company to enhance our ability to address change

P15

With regard to our ability to address change, we're working to build a foundation that will empower both our organization and human resources to accommodate change and grow. As part of that effort, we are pursuing the JR-West Group Digital Strategy and have been working swiftly across the entire Group in three forms of rebuilding: (1) rebuilding the customer experience, (2) rebuilding railway systems, and (3) rebuilding the employee experience.

We have strengthened customer contacts, including through the WESTER MaaS app and introduced WESTER points as a group-wide point service. We're also preparing to release Mobile ICOCA (tentative name) in spring 2023. The next step in our digital strategy will be an important part of our value creation.

Approach to the next Medium-Term Management Plan

Fostering the development of businesses that are not linked to mobility while refining existing businesses

Positioning of the next Medium-Term Management Plan

As a result of changes in the structure of society and people's values following the pandemic, we believe that it's no longer possible to return to the way things were before the pandemic. Even as macro-level social issues like climate change and Japan's shrinking population manifest themselves, we see new needs and opportunities. In this sort of business environment, the next Medium-Term Business Plan covers an important

period during which we will embark on a new chapter that will test every aspect of the JR-West Group's existence. Reflecting our strong sense of crisis that we cannot continue to build on our past successes, we will reexamine the significance of the Group's existence and the value we provide to society and implement our strategy boldly and quickly, including by rebuilding our business portfolio.

Strategic direction

We will work relentlessly to enhance safety under the new plan that starts in fiscal 2024 as part of a continued approach that treats safety as a top-priority strategy. In addition, we will work to lower the break-even point by revitalizing the railway business and pursuing structural reforms in existing businesses. Moreover, we will expand synergies through community/city development. Furthermore, we will pursue a digital strategy that maximizes those synergies by implementing data-driven group marketing that more closely aligns with individual needs. Through these efforts, we are bringing to bear

our innovations and the assets we've accumulated in order to take on the challenge of building future business pillars that are not linked with mobility.

We'll also work to supply new social value and to boost sustainability through these businesses. In addition to taking advantage of environmentally friendly rail transport in our business activities while working to reduce greenhouse gas emissions to combat climate change, we will work to invest in the human capital that supports our businesses and to enhance governance.

Transportation

Besides our railway business, we operate other transportation services such as buses and ferries.

The railway business covers a wide area of 18 prefectures, providing transportation between cities mainly with the Shinkansen and limited express trains on conventional lines, as well as transportation in urban areas such as Kyoto, Osaka, and Kobe, and in major regional cities such as Hiroshima and Okayama.



Products/Services

Shinkansen (bullet trains)



Sanyo Shinkansen

Route: Shin-Osaka–Hakata
Start: 1972 for Shin-Osaka–Okayama
1975 for Okayama–Hakata



Hokuriku Shinkansen

Route: Joetsumyoko–Kanazawa*
Start: 2015 for Kanazawa
Spring 2024 for Kanazawa–Tsuruga
*East of Joetsumyoko is JR-East territory

Conventional lines



Kansai urban area



Other lines

Marumaru no Hanashi sightseeing train:
Shin-Shimonoseki–Higashi-Hagi

Railway transportation data (FY2022)

Total route length (km)	Number of passengers (million)	Passenger-kilometers (million)	Number of stations
Total: 4,903.1	Total: 1,470	Total: 37,303	Total: 1,174
Shinkansen: 812.6 Conventional lines: 4,090.5	Shinkansen: 44 Conventional lines: 1,436	Shinkansen: 9,745 Conventional lines: 27,557	

Strengths/Differentiation

Western Japan

- Has Kansai, Japan's second largest metropolitan area, and major cities including Hiroshima, Okayama, and Kanazawa
- JR-West's business territory contains a wealth of tourism resources

Transportation service quality

- Continually improving all facets of safety, from hardware and software to facilities such as stations, platforms, railcars, and level crossings
- Improving comfort in stations and railcars, promptly providing information in case of transportation disruptions
- Introducing railcars that meet a range of needs, such as sightseeing trains providing enjoyable trips and limited express trains for commuters

Convenience

- Expanding ICOCA IC card and ticketless services
- Providing JR-West Group cross-platform services such as the WESTER app for people on the move



Strategies

Enhancing safety

- JR-West Group Railway Safety Think-and-Act Plan 2022 proceeding as planned P21

Enhancing coexistence with local communities

- Enhancing wide-area railway networks centered on the Shinkansen
- Teaming up with local regions to create new tourism demand and increase population of people interacting and connecting with each other

Identifying and achieving an optimal regional transportation system

- Working with local regions to identify and achieve sustainable transportation systems that match the characteristics and needs of each region

Structural reform

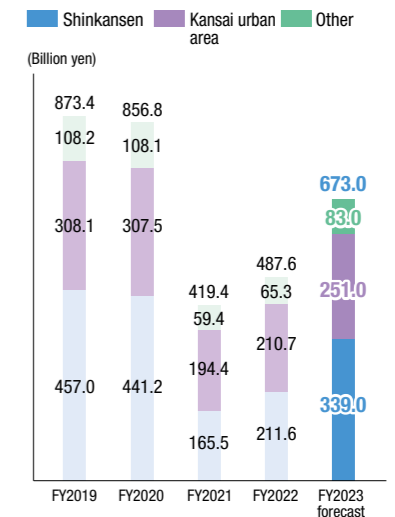
- Enhancing the productivity of railway operations
- Optimizing train schedules in line with usage
- Organizational reform

Creating new value

- Leveraging existing assets and working with various external partners to create value
- Studying potential new businesses through the monetization of JR-West Group technologies

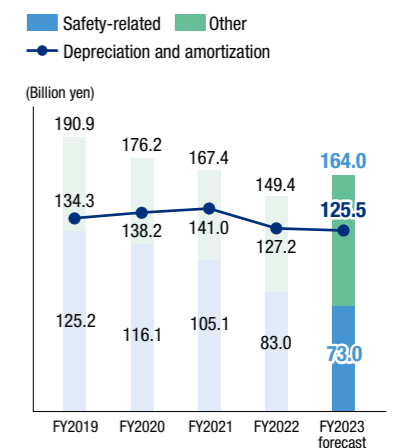
Indices

Transportation revenue



Note: Effective from fiscal 2022, JR-West has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020).

Capital expenditures (non-consolidated, own funds)



IC card usage ratio in Kansai urban area

Fiscal 2022: **87%**
(Achieved target of 85% for FY2023)

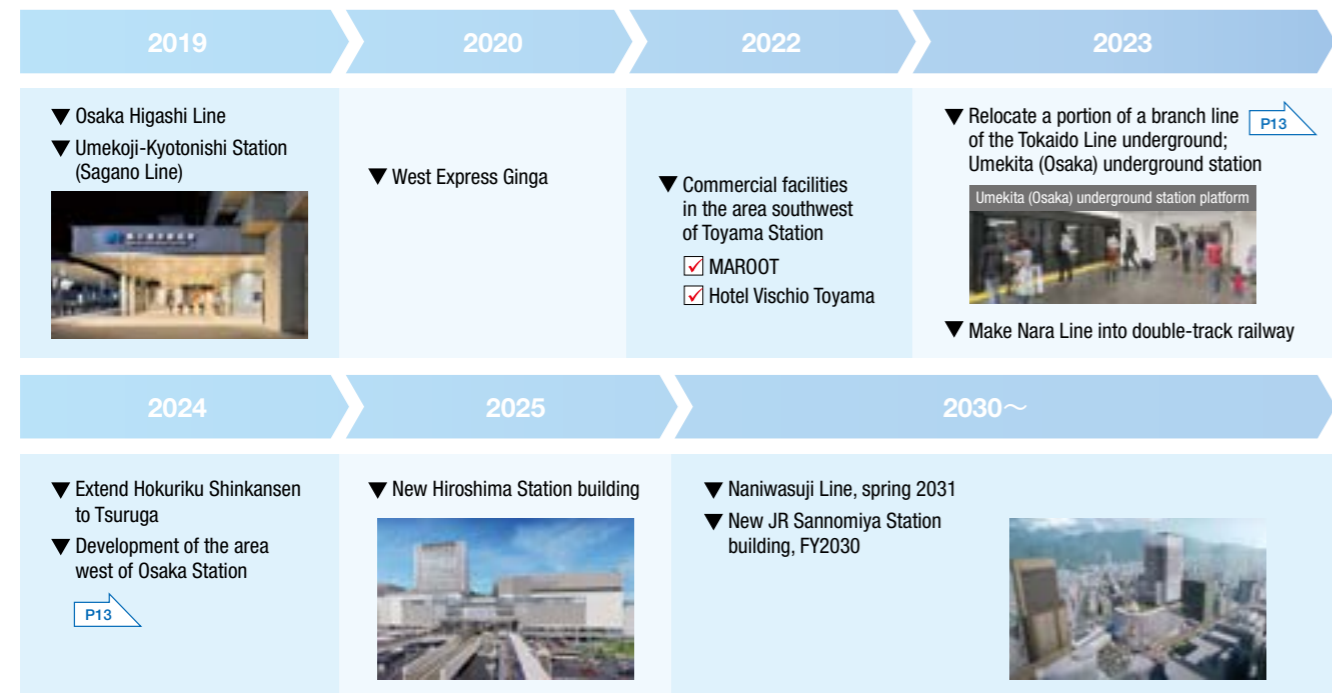
Transportation

Enhancing coexistence with local communities

In western Japan, JR-West is developing and pursuing content creation and promotion that is integrated with the railway business, non-railway business, and local regions. In addition to upgrading wide-area tourism, we are pursuing urban development with a focus on major regional cities in order to make each area of western Japan more attractive and increase the population of people interacting and connecting with each other.



Main projects (railways, surrounding development)

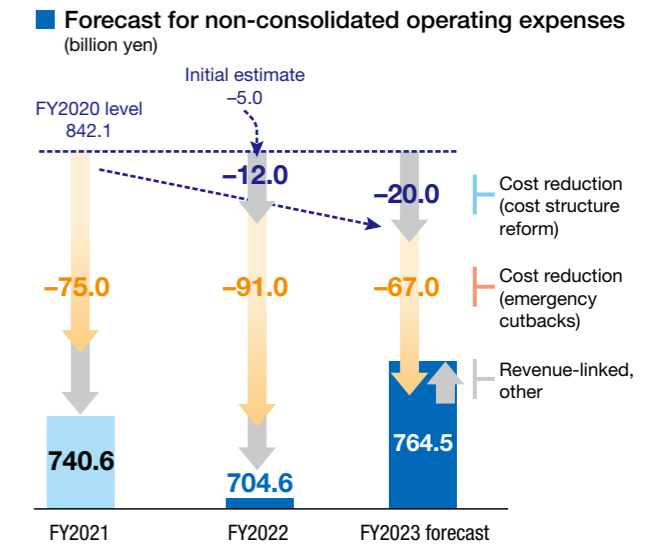


Structural reform

Although our initial target for fiscal 2022 was a reduction in structural costs of 5 billion yen, rapid progress allowed us to greatly exceed this with a reduction of 12 billion yen. For fiscal 2023, we plan to step up efforts with a cost-reduction target of 20 billion yen. Structural cost reductions are a key part of the structural reform described in our new Medium-Term Management Plan.

Cost structure reform Unit: Billion yen

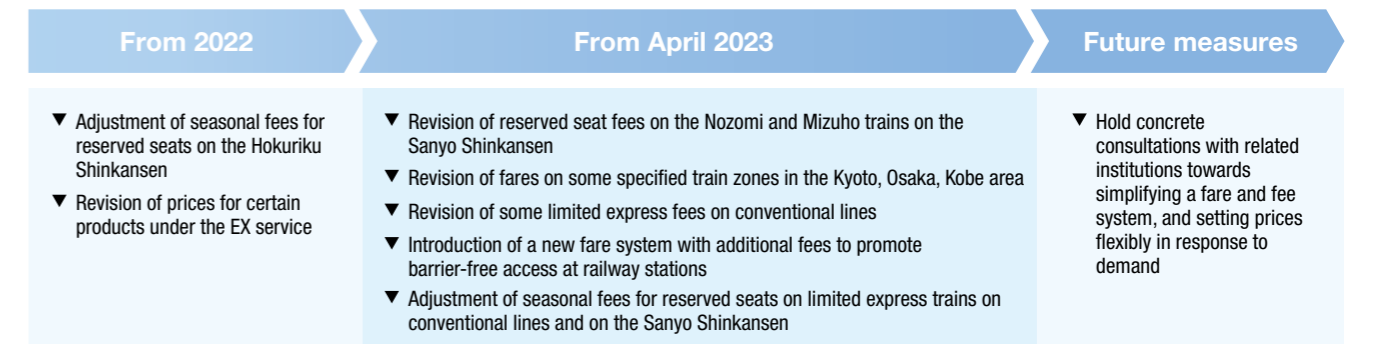
Item	FY2022 results	FY2023 plan
Enhancing the productivity of railway operations	Approx. -7.0	Approx. -11
Optimizing train schedules, other	Approx. -2.5	Approx. -3.5
Organizational structure reform	Approx. -2.0	Approx. -5.5



Our approach to fares and fees

We have revised fares and fees within the upper limit at our discretion as a railway operator based on changes in the market environment. Based on a mid-term report by a sub-committee of the Transport Policy Council, we are continuing deliberations with

the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) towards achieving a system for fares and fees that is in line with the conditions of usage and the market, actual costs, and safety and service efforts.



Identifying and achieving an optimal regional transportation system

Besides optimizing train timetables to match passenger usage for all train lines, for lines not realizing their full passenger-carrying potential, we will use the power of innovation while working with regional partners to earnestly identify—and achieve at the earliest date—sustainable new transport systems geared to local needs.

Regarding these efforts, we recently made an

announcement about our ratio of revenue to expenses for train zones with a transport density of under 2,000 people per day.

We share information about train lines not realizing their potential to carry large numbers of passengers with communities surrounding these lines. The goal is to have wide-ranging discussions about how to realize easy-to-use, sustainable public transportation systems.

Retail

Besides operating a wide range of businesses, such as convenience stores and restaurants inside stations and a department store, we have our Via Inn business hotel chain throughout western Japan and other parts of the country. Our aim is to boost convenience for customers in stations and throughout the community.



Sales of goods and food services

Department store

Products/Services

Convenience stores Gift shops



Seven-Eleven franchised stores: **432**

Property development



Eki Marché: **3**

Food services



Main stores
Deli Cafe: **17**
Estación Café: **7**
Karafuneya Coffee: **10**
Menya: **20**

Fashion items



Main stores
Episode: **17**
Garland of Dew: **7**
Uniqlo franchised stores: **2**

Accommodation-oriented budget hotels



24 existing facilities*
New openings
November 2022: Via Inn Akasaka
Autumn 2023: Via Inn Sapporo (tentative name; first Via Inn in Hokkaido)

JR Kyoto Isetan



Opened **1997**
Number of customers **14 million** (FY2022)

*As of September 2022; includes facilities in other segments

Strengths/Differentiation

Businesses in or close to stations

- Operating a variety of stores and in a variety of business sectors in and around stations, which attract a range of different customers
- Via Inn hotels are located within a 5-minute walk of terminal stations in major cities around Japan
- JR Kyoto Isetan attracts customers from a wide area, leveraging its proximity to western Japan's foremost terminal stations, including Kyoto Station and Osaka Station

Operational know-how

- Planning and selling of products and services that meet diverse needs based on locational features
- Know-how for operating stores inside stations (prompt serving of customers, creating shops in limited spaces, safety)

Strategies

Raising profitability of existing stores

- Capturing demand by changing merchandizing to meet customer needs
- Raising store profit ratio through rationalization and strengthening of operational system
- Strengthening ties with JR-West Group companies and major franchisees

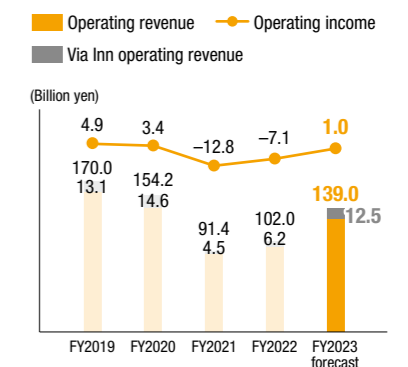
Expanding sales channels

- Opening convenience stores and restaurants outside stations and in urban areas
- In the department store business, focus on online sales and sales to select private customers in order to make buying more convenient beyond just in-store sales

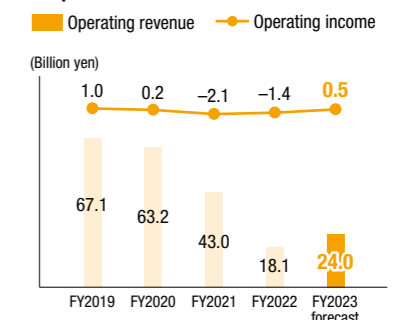
Indices

Financial conditions

Sales of goods and food services



Department store



Note: Effective from fiscal 2022, JR-West has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020).

What's New

Merchandizing changes to match customer needs

Renovation of Eki Marché Osaka (Phase I: From October 2021; Phase II: From July 2022)

Eki Marché Osaka recently underwent its first large-scale renovation since its opening eight years ago based on changes in people's behavior and customers' needs. While the previous incarnation had much of its space taken up by fashion goods and clothing stores, it now has many eat-in and take-out restaurants.

The renovation also improved the pedestrian flow and shop layout inside Eki Marché Osaka. The aim was to make shopping faster for daily users of Osaka Station and to keep them coming back more frequently.



Large digital signage at the ticket gate of Eki Marché Osaka

Real Estate

Our real estate business concentrates on stations and along train lines, operating station buildings and shopping centers, developing real estate, and selling condominiums. We contribute to progress along train lines and throughout communities with city development that meets the needs of changing lifestyles and that makes people want to come to live or visit.



Real estate lease and sales

Shopping centers

Products/Services

Lease

- Commercial facilities
- Hotels
- Offices
- Logistics facilities
- Shared offices

Leased area*
3.22 million m²



Shin-Osaka No. 2 NK Building
(completed in January 2022)

Housing sales

- Condominiums
- Detached houses

Brands

J.GRAN PREDEAR

Number of units sold (total)*
17,824



Predear Yokohama Yamate Park Villa
(to be completed in August 2023)

Sales to investors

- Private real estate fund, other

*Leased area and number of units sold are for fiscal 2022.

*The number of units sold does not take into account the share of business joint ventures.

Station sites

- Community hubs
- Tourism-centered
- Daily lifestyle-centered

40 facilities*



Maroot (JR Toyama Station Building)
(opened in March 2022)

Outside of stations

- Lifestyle-needs shopping centers
Offering medical, educational, and other necessary lifestyle services, and a place for locals to gather

3 facilities*



Shukugawa Green Place (opened in September 2021)

*Number of facilities includes shopping centers in other segments

Strengths/Differentiation

Development mainly in and around stations, which function as community hubs

- Development in and around stations, which are community hubs, mainly in western Japan
- Contributing to attractive city development by providing functions and tenant leasing that utilize the characteristics of the station or the location
- Steady and sustainable redevelopment utilizing the JR-West Group's assets

Development knowhow and track record built up through years of city development

- Contributing to regional advancement as a reliable developer and as the No. 1 platform provider in the region

Strategies

Engagement in development opportunities, steady progress on core projects

- Securing development opportunities through various business schemes
- Utilizing knowhow to move into urban areas and into markets outside western Japan
- Proceeding with development plans in Osaka, Kyoto, Sannomiya, and Hiroshima to strengthen area management

Boosting asset and capital efficiency

- Maximizing portfolio value through asset reclassification and asset-turnover businesses
- Securing new sources of revenue by expanding asset management business

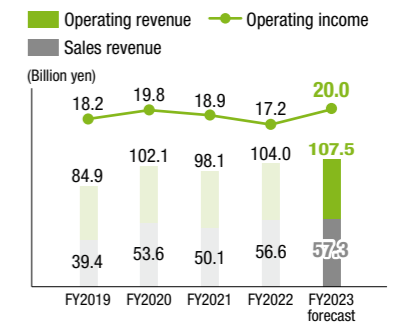
Structural reform of shopping center business aimed at medium- to long-term-growth

- As ways to shop become more diverse, developing in-person content that raises value to customers
- Securing highly loyal members through the WESPO app, a new customer interface
- Pursuing OMO business (online merges with offline), which fuses JR-West's strong in-person offerings with the convenience of online

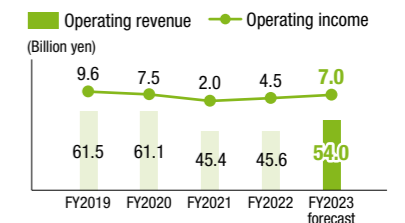
Indices

Financial conditions

Real estate lease and sales

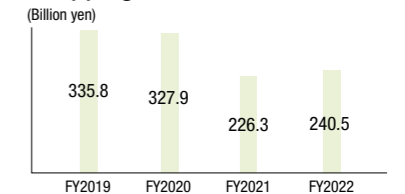


Shopping centers



Note: Effective from fiscal 2022, JR-West has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020).

Shopping center sales*



*Sales include shopping centers in other segments

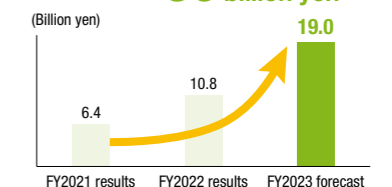
What's New

Establishment of JR-West Real Estate Asset Management Co., Ltd. to manage and boost efficiency of assets

To boost asset efficiency, we are increasing sales to investors and expanding asset reclassification. To this end, we established JR-West Real Estate Asset Management in July 2022. The company is preparing to form and operate a private REIT (real estate investment trust) aimed at stable, long-term management of real estate mainly along train lines in western Japan. The goal is to have operational assets at a level of 70 billion yen by fiscal 2028.

Through this we will build an asset-turnover business model for real estate, expand our real estate asset management business, grow the entire JR-West Group, and increase opportunities for city development, thus further accelerating the pace at which regional value increases.

Sales to investors Cumulative target of 36 billion yen



Other Businesses

We operate businesses such as hotels, travel, and construction, which synergize well with our railway business. The hotel business provides comfortable stays to meet a widening range of guest needs. We are transforming our travel business so that it goes beyond the standard boundaries of the travel industry and becomes a broader solutions business at the core of what JR-West offers to society.



Hotels

Products/Services



- Flagship brand of JR-West Hotels
- Provides high-quality rooms and services to hotel guests. An urban hotel offering restaurants and banquet space

5 facilities



- High-class accommodation-oriented hotel

4 facilities



- Known as the “state guesthouse of the Kansai region,” as it was formerly used as a state guesthouse

Note: Wholly owned JR-West subsidiary as of 2018



- The stay itself is the focus: spacious rooms, ample shared facilities, and contemporary, casual design and services

Note: Non-consolidated

Strengths/Differentiation

Connected to or adjacent to stations

- Locations in or next to major JR-West stations for maximum comfort and convenience for a wide range of hotel guests
- Business leverages economy of scale of JR-West and JR Hotel Group



Hotel Granvia Kyoto

Strategies

Boosting brand power, reforming revenue and expense structure

- Raising profitability by rebuilding the chain’s brand strategy and reforming cost structure
- Focusing resources on core projects and strong business fields

As part of a plan to enter the hotel business in the development of the area west of Osaka Station, our first tie-up with Marriott International, Inc. (scheduled to open in summer 2024)



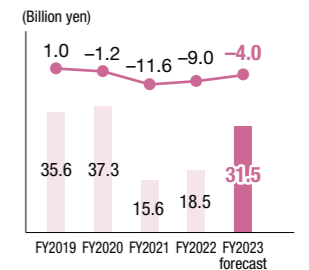
Hotel main entrance (1st floor) (artist's conception)

Indices

Financial conditions

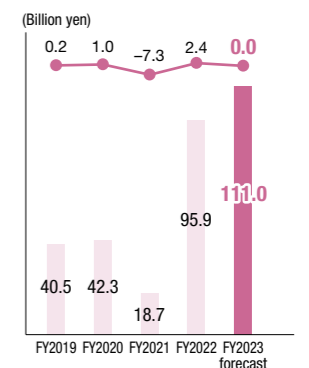
Hotel business

- Operating revenue
- Operating income



Travel business

- Operating revenue
- Operating income



Note: Effective from fiscal 2022, JR-West has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020).

Online sales ratio of Akai Fusen (Red Balloon) tour package brand

2021 results
65%
(2025 target: 70%)

Travel

Nippon Travel Agency Co., Ltd.

Founded in **1905*** *Subsidiary as of 2002

Number of stores in Japan:
60 (as of September 2022)



Tourism

- Online sales
- Domestic travel business
- Overseas travel business, other



Solutions

- Public sector and regional solutions
- Education market solutions
- Corporate solutions
- Business travel solutions

Trust and knowhow built up over the years

- Founded in 1905, the country’s oldest tourism company and a driver of Japan’s travel industry
- Wealth of knowhow in the tourism industry (sales, solutions, operations)

Diverse network and customer contact points

- Extensive sales channels: offices all over Japan and other countries, strong online presence
- Relationships with JR-West and regional partners

Shifting from a travel agency to a company providing solutions for individuals and society

- Formulated a post-pandemic strategy based on the premise the market will not return to pre-pandemic levels: Nippon Travel Agency Group Medium-Term Management Plan 2022–2025

Tourism business

- Shifting to web-based
- Focusing on package tours, a JR strength, to expand localized tourism products and services, and digital tourism

Solutions business

- Using Nippon Travel Agency’s knowhow in taking on tourism-related or public-sector business
- Expanding business domains through tie-ups with alliance partners

Financial Strategies

By both quickly restoring our financial foundation and making effective growth investments while giving top priority to safety and security, we will work to reestablish pre-pandemic profit levels and the ability to generate operating cash flows as soon as possible in an effort to increase corporate and shareholder value.



Head of operations; Director and Senior Executive Officer; Senior General Manager of Corporate Strategy Headquarters
Eiji Tsubone

Basic Policy

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, it is important to restore our financial foundation to a certain level while remaining aware of capital costs.

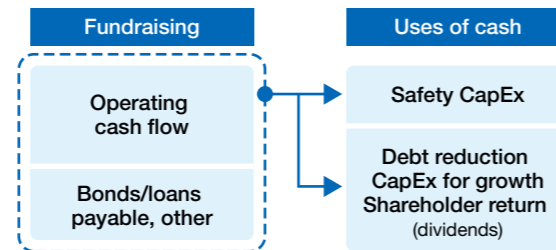
Based on the above, the revised Medium-Term Management Plan 2022 calls on us to restore the D/E ratio to approximately 1 by the end of the reform/reconstruction period (end of fiscal 2028).

In September 2021, we engaged in capital procurement through the issue of new shares. This will balance growth based on taking advantage of a range of future opportunities with a quick recovery of our financial foundation.

Even as we give top priority to investing in the safety of railways, given the shrinking of Japan's population, the increased permeation of digital technologies in social activities, and risks such as new infectious diseases, we urgently need to revitalize our railway business, reform our management culture through structural reforms and other measures, and transition to a business portfolio that is more resilient to a variety of external factors. We will thus move forward with the growth investments necessary to accomplish those priorities.

By reestablishing pre-pandemic profit levels and the ability to

generate operating cash flows as soon as possible through growth once the pandemic has receded, we will meet the expectations of our stakeholders by maximizing corporate and shareholder value.



Priority ranking ①

- **Safety is the highest priority.** Steadfastly maintain the JR-West Group Railway Safety Think-and-Act Plan 2022. Control the total amount of investment to a certain extent, but steadily make the investment necessary to enhance safety.

Priority ranking ②

- Work to **rapidly restore our financial foundation**
- **Invest with a focus on projects** that contribute to increases in future corporate value, and take steps to create new value, such as providing services that utilize digital technologies.
- **Basic policy of stable dividends over the long term.** During the **current Medium-Term Management Plan**, aim for a **dividend payout ratio of approximately 35% in FY2023**

Cash Flow Management

Cost structure reform

The plan calls for consolidated-basis reductions of 144 billion yen in fiscal 2022 and 117 billion yen in fiscal 2023 through cost reductions, including some to be undertaken on an urgent basis, after the pandemic. Of those reductions, savings of 25 billion yen on a consolidated basis (including 12 billion yen on a non-consolidated basis) during fiscal 2022, and 34 billion yen on a consolidated basis (including 20 billion yen on a non-consolidated basis) during fiscal 2023 will be realized through reforms in our cost structure. (All savings are given relative to fiscal 2020.)

Although upward pressure on costs is increasing due to soaring commodities prices, including for crude oil, and the weak yen, our aim is to realize a level of costs that will allow us to achieve stable profits even if railway and other travel does not return to the prior level while taking advantage of our ability to innovate.

Balance sheet

While levels of cash equivalents have risen temporarily due to procurement of funds through a public stock offering and through early and robust efforts to ensure short-term liquidity during the pandemic, we plan to realize a balance sheet founded on capital efficiency by using those funds to make investments in growth businesses and productivity improvements and, over the medium term, to restore prior levels of short-term liquidity.

In addition, we will procure funds in the future through a variety of means, including SDGs bonds, while remaining aware of the cost of capital.

Free cash flow outlook

Although free cash flow will not return to positive levels until fiscal 2024 or later due to planned capital investment of 245 billion yen during fiscal 2023, for example in development projects in Osaka and Hiroshima, we will work to increase our ability to create operating cash flows.

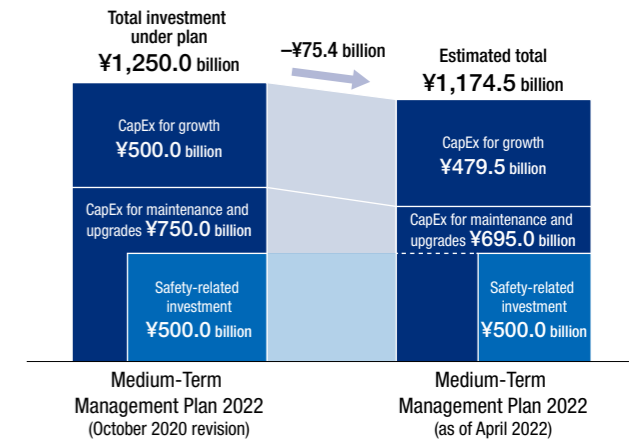
Capital Investment

Total scale of capital investment

As of April 2022, we expect capital investment during the current Medium-Term Management Plan to total 1,174.5 billion yen. While safety investments are proceeding according to plan, we're planning to reduce total investment by about 75 billion yen from the time the plan was revised due to adjustments in the timing of non-urgent measures and a careful examination of unit costs in contracts.

During the period covered by the next Medium-Term Management Plan, we will expand investment in growth businesses to make progress in large-scale projects in Osaka and Hiroshima. There will also be increased investment in the form of digital investments and upfront investments in future growth businesses. We will study how to ensure appropriate levels of investment based on a comprehensive review of our balance sheet and cash flows.

Capital investment plan



Decision-making criteria for growth investments

With regard to decision-making concerning growth investments, we have established a hurdle rate based on companywide capital costs. We've set other criteria for individual businesses that take into account industry-average hurdle rates for specific business domains and risk premiums based on the nature of

individual businesses.

Although this does not apply to investments for maintenance and upgrades, the cash flows created by businesses in the future as a result of that work will underpin capital investment.

Safety CapEx and CapEx for maintenance and upgrades

Primarily in the railway business, a certain level of equipment maintenance and upgrades is necessary every year due to the nature of the business. We will continue to give top priority to safety improvements as an essential management strategy in order to safeguard our customers' lives and property.

We believe that maintenance and upgrade investments, including safety investments, are essential for maintaining the

long-term competitiveness of our railway business so that we can continue to supply value by not only replacing superannuated equipment, but also increasing safety beyond society's expectations, realizing stable transport, improving comfort, and otherwise enhancing our operations. We will continue to develop plans that prioritize such investments.

Shareholder Return

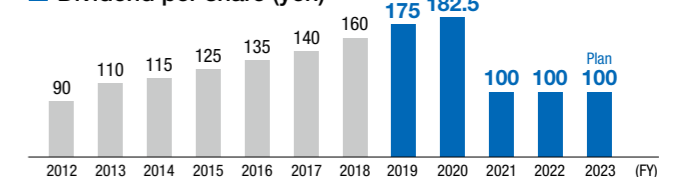
Dividend policy

We have a basic policy of stable dividends over the long term, and under the current Medium-Term Management Plan, we will maintain our policy of aiming for a dividend payout ratio of approximately 35% in fiscal 2023. Although the Group posted a loss in fiscal 2021 and 2022, we decided to pay a total annual dividend of 100 yen per share. In fiscal 2023, based on a policy emphasizing long-term stable dividends, we plan on paying a total annual dividend of 100 yen per share, a level that exceeds the payout ratio of 35%, which was based on performance forecasts and dividend forecasts.

Although we will study our dividend policy for the upcoming and subsequent fiscal years along with the next Medium-Term

Management Plan, we will work to improve our ability to create operating cash flows, which serve as the source of funding for dividends.

Dividend per share (yen)



Note: As of July 1, 2011, one share of common stock was split into 100 shares. The dividend per share was calculated based on the number of shares after this split.

Global Environment

JR-West Group's approach to protection of the global environment

The JR-West Group pursues initiatives aimed at realizing a future vision of "a safe and comfortable society filled with meetings among people and smiles." And as we work to make western Japan an area in which everyone, including future generations, can continue to enjoy energetic, active lifestyles, we are contributing to the achievement of the SDGs and, thereby, the sustainable development of society.

One particular area of focus is global warming prevention and climate change action, where there has been a rapidly accelerating push towards a decarbonized society. By honing the environmentally friendly strengths of railways, we will fully capitalize upon the opportunities presented by this change to a decarbonized society, while, through our group business activities, we will contribute to the protection of the global environment and the creation of a sustainable society.



Head of operations; Director and Senior Executive Officer; Senior General Manager of Corporate Strategy Headquarters
Eiji Tsubone

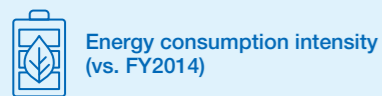
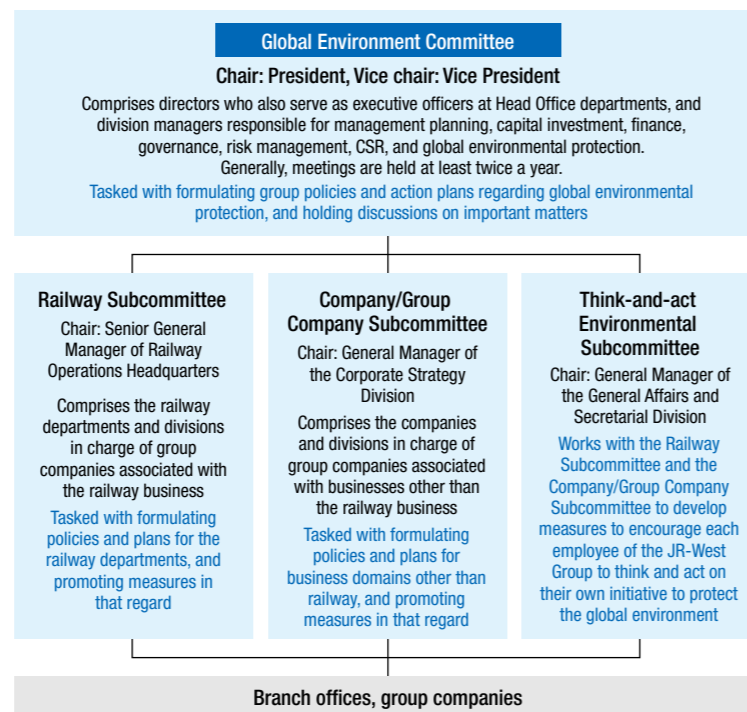
Systems to pursue initiatives to protect the environment

We consider protection of the global environment to be one of our key business challenges and have therefore established a Global Environment Committee. The committee is chaired by the president and comprises executive directors in charge of Head Office departments and general managers of the principal divisions. It deliberates and facilitates action on important matters, such as the Group's basic policy for global environmental protection and the setting of medium and long-term targets and plans. Important items deliberated by the Global Environment Committee are also reported to and discussed with the Sustainability Committee, Group Management Committee, and Board of Directors in order to share this information among senior management.

Progress on medium-term environmental goals

In tandem with the JR-West Group Medium-Term Management Plan 2022, the JR-West Group has set medium-term environmental goals for fiscal 2023 and is working to achieve them.

As of fiscal 2022 we are on track to meet all of our goals in each field.



Energy consumption intensity (vs. FY2014)

FY2023 target: -3.0%
FY2022 results: -4.7%



Percentage of energy-efficient railcars

FY2023 target: 88.0%
FY2022 results: 90.1%



Station and onboard garbage recycling rate

FY2023 target: 96.0%
FY2022 results: 99.4%



Railway material recycling rate (facility construction)

FY2023 target: 97.0%
FY2022 results: 97.4%



Railway material recycling rate (rolling stock)

FY2023 target: 92.0%
FY2022 results: 95.8%



Promote environmentally friendly stations and office facilities



Related SDGs



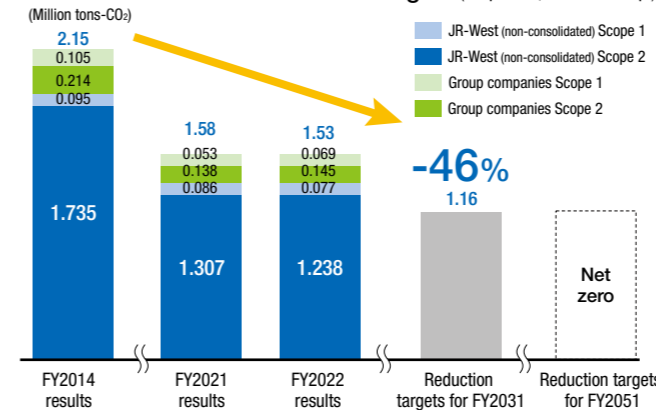
JR-West Group Zero Carbon 2050 long-term environmental goals

Setting targets to achieve carbon neutrality

Understanding that our businesses emit a large amount of CO₂ and responding to climate change—such as storms and floods and other intensifying natural disasters, caused by global warming—are important management issues that must be addressed for the JR-West Group to continue doing business. In recognition of the

need for the JR-West Group to be more active in addressing climate change, we have formulated the JR-West Group Zero Carbon 2050 long-term environmental goals. Target values include reducing CO₂ emissions for the entire Group by 46% (in comparison to fiscal 2014) by fiscal 2031 and to net zero by fiscal 2051.

CO₂ emissions and reduction targets (Scope 1+2, JR-West Group)



- Reductions for FY2021 and FY2022 include the impact of the COVID-19 pandemic.
- Scope 2 disclosure has been changed to show the figures calculated using the post-adjustment emission factors for each power company.

Scope 3 CO₂ emissions

	FY2021	FY2022
Non-consolidated	1.71 million tons-CO ₂	1.58 million tons-CO ₂
Group companies*	2.17 million tons-CO ₂	2.27 million tons-CO ₂
Total	3.88 million tons-CO ₂	3.85 million tons-CO ₂

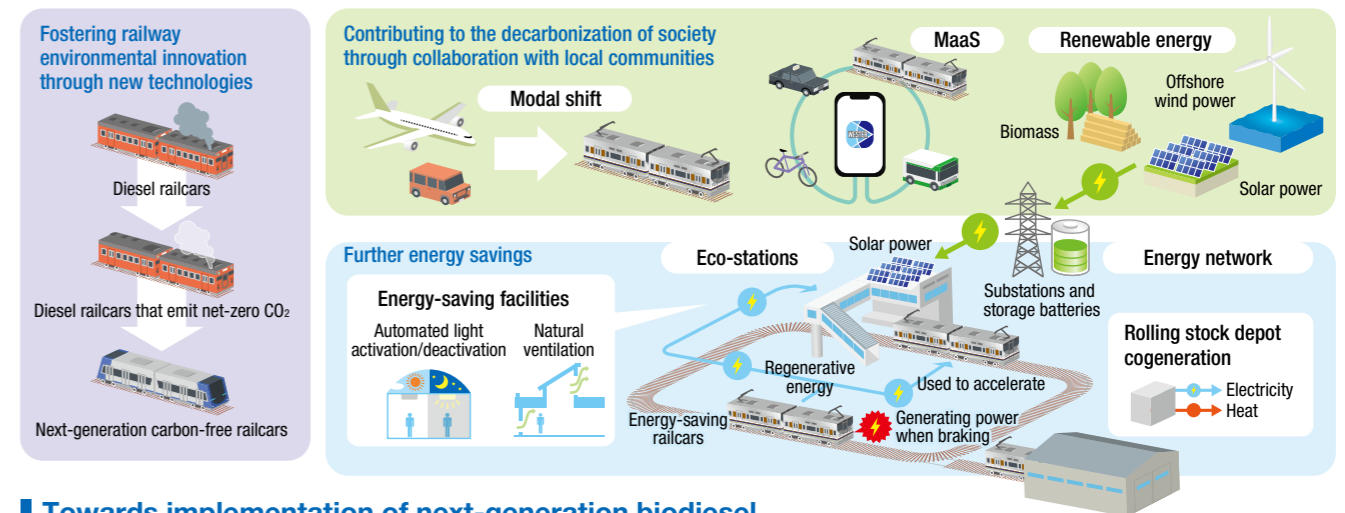
Scope 1: Total CO₂ directly emitted by the JR-West Group from combustion of fuels, such as diesel oil for diesel train operation, and kerosene and heavy oil for operational purposes (includes the CO₂ equivalent mass for leaked fluorocarbons)

Scope 2: Total CO₂ emitted indirectly by the JR-West Group from the use of power and heat purchased from power companies and others

Scope 3: Total CO₂ emitted from other companies in relation to the JR-West Group's business activities (indirect emissions other than Scope 1 and Scope 2)

*The scope of calculation for group companies encompasses all consolidated subsidiaries and the five main group companies (Amagasaki Hotel Development Limited, Kosei Corporation, Osaka Energy Service Co., Ltd., Possible Medical Science, Ltd., JR West Will Co., Ltd.)

JR-West Group Zero Carbon 2050



Towards implementation of next-generation biodiesel

At JR-West, we're looking into replacing diesel fuel used to run diesel trains and other vehicles with next-generation biodiesel, which has the same properties as, and is 100% interchangeable with, existing diesel fuel, thereby achieving net-zero CO₂ emissions. In order to facilitate the practical introduction of biodiesel, we will undertake validation testing, which is centered on the JR-West service area and is part of the Fiscal 2022 New Technology Development Challenges Program of the Ministry of Land, Infrastructure, Transport and Tourism's Railway Technology Development and Adoption Promotion System.

This validation testing commences in fiscal 2023 with single

engine tests and trial train operation using 100% next-generation biodiesel (approximately one-month operation during regular, summer, and winter periods to confirm the impact of temperature). It will extend through fiscal 2025 with multiple, long-distance trials involving passenger trains (approximately 200 km per day per car) to confirm whether biodiesel can be safely and reliably used with such trains.

Based on the results of validation testing, we aim to start full-scale use of next-generation biodiesel in fiscal 2026.



Global Environment

Climate change-related risks and opportunities, and scenario analysis (information disclosure based on TCFD recommendations)

Basic approach

We will leverage the fact that railways—the core business of the JR-West Group—are more environmentally friendly than other types of transport, to help reduce the CO₂ emissions of society as a whole by having more people utilize our services. Moreover, the impact of climate change associated with global warming, such as intensifying natural disasters, is increasing with every year, and the need for society as a whole to address it is growing rapidly.

The JR-West Group must understand the fact that our business as a whole emits a large amount of CO₂ and recognize that addressing climate change is an important issue for management if we are to continue doing

business into the future. We are working to understand the risks and opportunities that climate change brings.

Additionally, the JR-West Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will proceed with appropriate disclosure and analysis of information on risks and opportunities related to climate change.

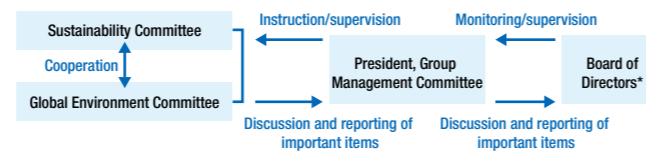
These risks and opportunities, and the analysis thereof, focus on the railway business, which is the core business of the JR-West Group, and which is expected to be strongly affected by climate change.

Governance

The JR-West Group will contribute to the creation of a sustainable society, and we will pursue initiatives to protect the environment and allow us to grow sustainably in the long term. And to serve as the driving force behind these initiatives, we have established the Global Environment Committee, which is chaired by the president and comprises executive directors in charge of Head Office departments and general managers of the principal divisions. This committee generally meets twice annually to deliberate on the Group's basic policy for global environmental protection and on the setting of medium- and long-term environmental targets and plans. It also monitors the progress of concrete initiatives aimed at achieving the plans and targets.

Items on the Global Environment Committee agenda are reported to and

discussed by the Sustainability Committee, Group Management Committee, and Board of Directors as necessary.



*Examples of matters referred to the Board of Directors for discussion: Setting of long-term environmental goals, climate change-related risk and opportunity analysis, content of information disclosures based on TCFD recommendations

Strategy

Based on the impacts of climate change and socioeconomic scenarios in light of the situations presented by the Intergovernmental Panel on Climate Change (IPCC), the JR-West Group has analyzed the risks and opportunities that climate change represents to the railway business.

We are aware of the risks of increased damage brought on by more frequent typhoons and floods, the heightened tax burden accompanying the introduction of a carbon tax, and the increasing amount of the renewable energy surcharge brought about by Japan's review of the make-up of its electricity sources. Conversely, the superior environmental characteristics of railway have been recognized, and it was found that the increased convenience offered by the spread of MaaS and other similar services also provides opportunities to increase railway use.

The details of the analysis is shown at right. The analysis considers a 2°C

increase scenario (RCP* 2.6) and a 4°C increase scenario (RCP 8.5). The qualitative analysis is based on a 2°C increase scenario (RCP 2.6), where society has actively addressed climate change.

The direction of the technological solutions addressing changes in the business environment, including climate change, is illustrated in the JR-West Group Technology Vision. (Ref. URL: https://www.westjr.co.jp/global/en/procurement/procurement_plan/pdf/technical_vision.pdf)

Going forward, the JR-West Group will contribute to the creation of a sustainable society, taking appropriate measures to address the risks and opportunities it has identified and working to increase corporate value in the long term as a business group that is responsible for social infrastructure.

*RCP: Representative concentration pathways

Risk management

The JR-West Group will update the content of its analysis based on information such as changes in the business environment and the publication and update of a range of forecasts issued by public institutions in relation to the risks and opportunities associated with climate change, along with measures to address them. We will also periodically deliberate on and monitor the content of the analysis and the state of initiatives aimed at achieving long-term environmental targets in meetings of the Global Environment Committee.

Content discussed by the Global Environment Committee is reported to and discussed by the Sustainability Committee, Group

Management Committee, and Board of Directors as necessary, sharing and managing matters such as climate change-related risks as important issues for management.

We have performed this risk and opportunity analysis based on the 2°C increase scenario (RCP 2.6) and 4°C increase scenario (RCP 8.5), taking into consideration factors like the robustness of future prediction data. However, as socioeconomic analyses and other measures continue to progress and future prediction data becomes more robust, we will revisit this analysis to include responses for a 1.5°C increase scenario (RCP 1.9).

Indices and goals

The JR-West Group has formulated the JR-West Group Zero Carbon 2050 long-term environmental goals and has set the objective of achieving net-zero CO₂ emissions for the entire Group by fiscal 2051, with an interim goal of reducing emissions by 46% of fiscal 2014 levels by fiscal 2031.

We believe that this is a level that will result in Japan meeting the goals that it has set for CO₂ reduction and lead to the achievement of the targeted

temperature increase of 1.5°C or less, or less than 2°C higher than that of the time of the industrial revolution—the goal of the Paris Agreement.

The JR-West Group will pursue initiatives to reduce CO₂, and, through initiatives intended to realize the goals of JR-West Group Zero Carbon 2050, we will contribute to the creation of a sustainable society.

Qualitative analysis of risks and opportunities

Risks recognized

Type	Risk to the company	Impact	Measures	
Policies and laws	Increased tax burden due to reforms in the tax system, such as the introduction of a carbon tax	Large	<ul style="list-style-type: none"> Promote energy-efficient rolling stock, energy-saving equipment, and energy-saving driving Use alternative fuels, switch electricity to renewable sources Facilitate the transition to low-carbon equipment and facilities through the use of internal carbon pricing 	
	Large increases in the renewable energy surcharge	Large	<ul style="list-style-type: none"> Respond to growing green investment through the issuance of green bonds 	
	Increased green investment brought on by emissions controls	Large	<ul style="list-style-type: none"> Control development costs through open innovation and joint development with other companies Use subsidy systems from the government and other organizations 	
	Increased development costs to support next-generation technology		<ul style="list-style-type: none"> Investment activities that take environmental values into account using internal carbon pricing 	
	Failed investment due to errors in assessing environmental values		<ul style="list-style-type: none"> Use alternative fuels Study sustainable modes of transportation that are environmentally appropriate for the region 	
	Increased costs for procuring fossil fuels		<ul style="list-style-type: none"> Control the cost of purchasing materials by updating equipment and reviewing facilities 	
	Increase in material prices due to suppliers passing on environmental costs through their pricing	Large	<ul style="list-style-type: none"> Promote energy-efficient rolling stock, energy-saving equipment, and energy-saving driving in order to reduce electricity consumption Establish in-house systems and methods to respond to power shortage warnings 	
	Increase in electricity shortages caused by disturbances in the supply-demand balance associated with the electrification of society and the expanded use of renewable energy		<ul style="list-style-type: none"> Achieve smart, green transport by using MaaS in urban areas and intercity transportation, areas where the characteristics of railway offer advantages In areas where the characteristics of railway do not offer advantages, consider sustainable transport systems that are environmentally appropriate for the region, in consultation with the region concerned 	
	Growth of ethical consumption in society		<ul style="list-style-type: none"> Disclose information on the status of TCFD analysis and the JR-West Group Zero Carbon 2050 long-term environmental goals Conduct research on the development of social infrastructure through the Kyoto University Disaster Risk Management Engineering course (JR-West), and hold regular lectures for citizens, both funded by the company 	
	Decline in the environmental preeminence of railways due to the electrification of automobiles	Large	<ul style="list-style-type: none"> Publish information on JR-West safety initiatives, including planned suspensions of operations Provide information to customers in a timely and appropriate manner when train operations are suspended 	
Market	Negative effect on material procurement due to reduced ESG rating	Large	<ul style="list-style-type: none"> Implement both facilities-based and operations-based measures to prevent flooding and relocate rolling stock at important facilities such as general depots, rolling stock holding facilities, signal equipment facilities, and control centers 	
	More criticism from stakeholders due to delays in initiatives and insufficient information disclosure	Large	<ul style="list-style-type: none"> Introduce a weather disaster response system on major railway lines in the Kansai area to prepare for worsening weather disasters and minimize the risk of human error Deploy radar rainfall monitoring systems on all conventional railway lines to improve safety in the event of localized heavy rainfall Reinforce sloping areas and establish drainage systems to improve safety and shorten times when operation is restricted, primarily in the Kyoto/Osaka/Kobe area Create slope disaster charts and utilize sensing technologies to understand slope deformation and enhance detection precision Strengthening of railway track equipment Improve train operations' safety and durability by replacing old wooden sleeper sections with concrete ones Implement planned suspensions of operations, including relocation of rolling stock, as necessary when large typhoons approach or make landfall Appropriately provide information regarding planned suspension and resumption of operations Implementation of emergency response training 	
	Loss of consumer confidence due to increased suspensions of train operations		<ul style="list-style-type: none"> Taking BCP into account, install emergency power generators at control centers, which are vital centers for train operation, in order to maintain function during power blackouts Establish in-house systems and methods to respond to power shortage warnings Deploy the N700S to the Tokaido and Sanyo Shinkansen lines (its onboard battery-based self-propulsion system will allow us to help customers in the event of extended blackouts) 	
	Increased damage to railway facilities due to the increasing frequency of typhoons and floods	Large	<ul style="list-style-type: none"> From the standpoint of BCP, ensure that there are multiple channels in the supply chain for important items that have a significant effect on train operation and that a certain amount of inventory is maintained 	
	Increased damage insurance		<ul style="list-style-type: none"> Pursue initiatives to mitigate damage to railway facilities (stated above) 	
	Increased air conditioning costs due to rising temperatures		<ul style="list-style-type: none"> Green rooftops and building walls, adopt heat-insulating materials Improve air conditioning efficiency by introducing regional heating and cooling systems 	
	Increased damage from animals due to the expanding range of wildlife caused by decreased snowfall		<ul style="list-style-type: none"> Expand measures to prevent damage from animals (installing fences to keep deer from entering, developing sound equipment for repelling animals, improving vehicle obstruction guards, etc.) 	
	Acute risks	More suspension of train operations due to damage to railway facilities	Large	<ul style="list-style-type: none"> Reduce workload along railway lines through onboard and sensor-networked ground inspections, surveying with MMS technology, and the mechanization and automation of construction work Reduce workload along railway lines through the integration of functions into vehicles and the simplification of ground facilities
		Increased impact on trains due to power blackouts	Large	
		Material shortages due to disruptions in supplier logistics		
Abnormal weather	Increased damage to railway facilities due to the increasing frequency of typhoons and floods	Large		
	More suspension of train operations due to damage to railway facilities	Large		
	Increased impact on trains due to power blackouts	Large		
Chronic risks	Material shortages due to disruptions in supplier logistics			
	Increased damage insurance			
	Increased air conditioning costs due to rising temperatures			
Working environment	Increased damage from animals due to the expanding range of wildlife caused by decreased snowfall			
	Increase in labor accidents such as heat stroke due to rising temperatures			
	Increased cost of measures to prevent heat stroke			

Global Environment

Opportunities recognized

Type	Opportunities for the company	Impact	Seizing opportunities
Resource efficiency	Reductions in CO ₂ emissions and energy consumption by updating rolling stock and equipment to energy-efficient ones		<ul style="list-style-type: none"> Accelerating the installation of high-efficiency equipment such as devices that utilize regenerative power, by using new subsidy programs and energy-saving facilities
	Equipment updates making effective use of government support systems such as tax incentives		
Energy sources	Wider use of fuels with net-zero CO ₂ emissions, fuel cells, and storage batteries through technological progress and reductions in pricing	Large	<ul style="list-style-type: none"> Studying new energy sources (next-generation biodiesel, carbon-free next-generation rolling stock, fuel-cell co-generation systems, etc.)
Products and services	In areas where the characteristics of railway can be put to good use, railways are acknowledged as being environmentally superior, with use increasing due to policy-based promotion of public transport and greater awareness of railway use (modal shift)	Large	<ul style="list-style-type: none"> Promoting the use of railway by strengthening the appeal of its environmental superiority Enhancing secondary transport services linked with railway (park and ride, electric bicycle sharing services, etc.) Enhancing services using digital technology (ICOCA de Jisapo, a time-staggered commuting point service) Enhancing MaaS (Kansai MaaS, WESTER MaaS app, etc.)
	Increased use due to the greater convenience of public transportation associated with the proliferation of MaaS	Large	
	Spread of sustainable modes of transportation that are environmentally appropriate for the region	Large	<ul style="list-style-type: none"> Cooperating with regional communities using demand-based transportation to make regional public transport more convenient Promoting BRT development projects using self-driving and convoy driving technologies
Market	Reduction of electricity procurement costs through expansion of renewable energy		<ul style="list-style-type: none"> Studying participation in renewable energy business
	Securing of revenue in the electricity supply and demand market using JR-West equipment		<ul style="list-style-type: none"> Studying participation in VPP (virtual power plant) business
Resilience	Reduction of suspensions of train operations and ensuring of reliability through successful BCP measures in the event of weather disasters		<ul style="list-style-type: none"> Pursuing measures to mitigate damage to railway facilities (see previous page) and disclosing related information
	Maintaining railway forests helps reduce CO ₂ emissions and prevent disasters		<ul style="list-style-type: none"> Ongoing forest conservation activities through Club J-WEST Forest Studying the effective use of railway forests

Assumptions for quantitative impact of risks and other concerns

For risks and other concerns extracted through qualitative analysis, we have made quantitative impact assumptions for those items that we expect to have a significant impact and for which objective future forecast data corresponding to the scenarios used in the analysis are available. In addition, we have estimated the trend in transportation revenues based on estimated population and GDP data derived from socioeconomic scenarios.

Our assumptions are based on society in 2030 or 2050. The transition risks are calculated based on a 2°C (RCP 2.6) scenario in which society acts

proactively to address climate change. The physical risks and impacts on transportation revenues are calculated based on 2°C (RCP 2.6) and 4°C (RCP 8.5) scenarios. (The results of the estimated impacts are shown in the chart below.)

In particular, the physical risks and impacts on transportation revenues are greater in the 4°C scenario than in the 2°C scenario. Based on these factors, we will take measures to address the risks and promote initiatives to realize a decarbonized society, so as to help curb climate change.

Presuppositions for assumed transition risk and physical risk impact

Transition risks	Item	Source of forecast data used for trial calculation	Assumed impact in 2030	
			4°C scenario (RCP 8.5)	2°C scenario (RCP 2.6)
	Increased tax liability due to carbon tax levy	IEA "World Energy Outlook 2021"	–	\$100/t-CO ₂ (2030, developed countries) Exchange rate: \$1 = ¥110
	High electricity prices due to expansion of renewable energy	Renewable Energy Institute "Verification of Electricity Supply-Demand Balance and Costs in 2030"	–	About 24% higher than the current level
	High material prices due to suppliers passing on environmental costs	Kiyoshi Fujikawa (author) "Load of Carbon Tax by Region and Income Group," others	–	About 2% higher than the current level
Physical risks	Item	Source of forecast data used for trial calculation	Assumed impact in 2050	
			4°C scenario (RCP 8.5)	2°C scenario (RCP 2.6)
	Greater damage to facilities due to increase in natural disasters	Technical Study Group on Flood Control Planning in Light of Climate Change "Recommendations for Flood Control Planning in Light of Climate Change" (revised April 2021), Ministry of Land, Infrastructure, Transport and Tourism	Approximately four times more frequent than current levels	Approximately two times more frequent than current levels
	Reduced revenue owing to increased operational suspensions due to natural disasters			

Quantitative impact assumptions (financial impact) for transition risks and physical risks

Transition risks	Item	Assumed impact in 2030	
		4°C scenario (RCP 8.5)	2°C scenario (RCP 2.6)
	Increased tax liability due to carbon tax levy	–	12 billion yen/year
	High electricity prices due to expansion of renewable energy	–	10 billion yen/year
	High material prices due to suppliers passing on environmental costs	–	2 billion yen/year
Physical risks	Item	Assumed impact in 2050	
		4°C scenario (RCP 8.5)	2°C scenario (RCP 2.6)
	Greater damage to facilities due to increase in natural disasters	10 billion yen/year	3 billion yen/year
	Reduced revenue owing to increased operational suspensions due to natural disasters	4.5 billion yen/year	1.5 billion yen/year

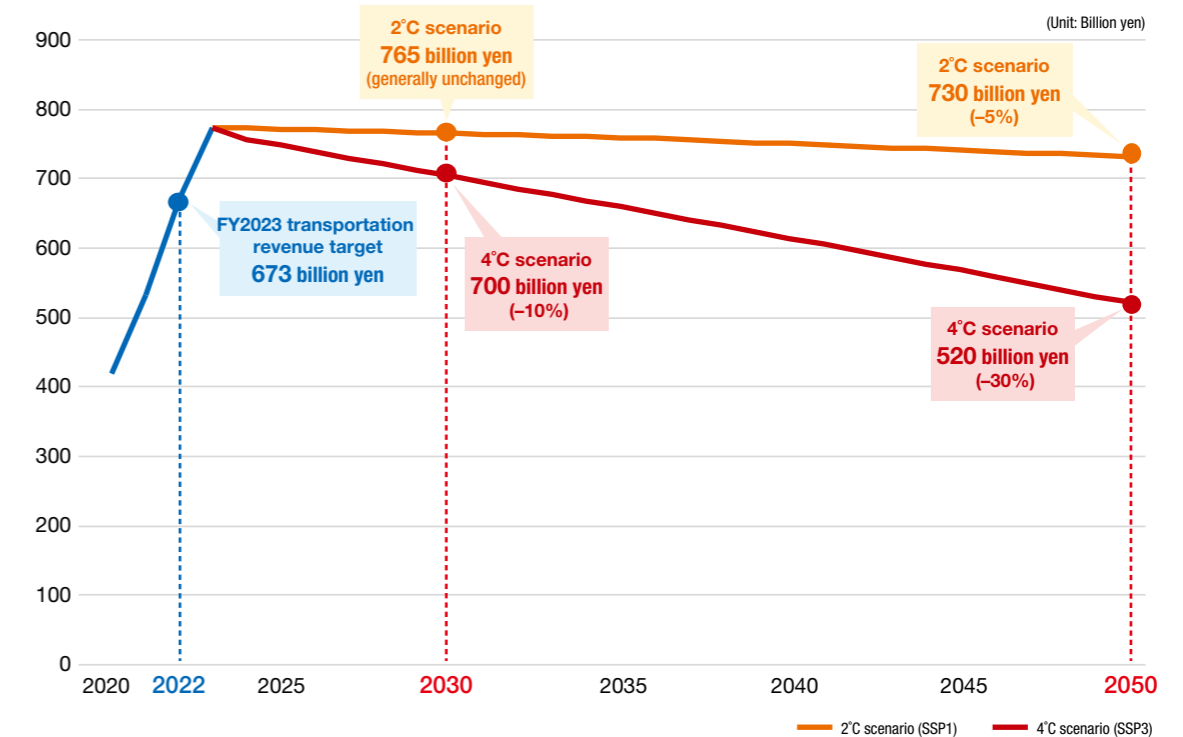
Trial calculation of changes in transportation revenue

Based on population and GDP data derived from socioeconomic scenarios, which are used in cross-disciplinary climate change research, we have estimated the changes in transportation revenue up to 2050.

The population data is derived from "Japanese SSP Population Estimates by City, Town, and Village," published by the National Institute for Environmental Studies. GDP data is derived from "Global Dataset of Gridded Population and GDP Scenarios," published by IIASA (International Institute for Applied Systems Analysis). Based on projected

demographic and domestic GDP changes in our business areas, we have estimated the changes that will occur from fiscal 2024 onward, which is the period following the revised JR-West Group Medium-Term Management Plan. (For the data referenced here, the 2°C scenario = SSP1 and the 4°C scenario = SSP3.)

The future forecasts in our trial calculation are based on demographic and GDP estimates only and do not take into account individual factors that may affect revenues, such as future sales measures.



Note: Peak values for fiscal 2023 onward assume recovery to approximately 90% pre-pandemic level, and the degree of decrease for those assumed values is given in parentheses.

Global Environment

Decarbonization efforts aimed at the entire supply chain

The JR-West Group is undertaking various decarbonization efforts that contribute to reduced CO₂ emissions across the entire supply chain.

Zero carbon MICE (West Japan Railway Hotel Development, Ltd.)

At the Hotel Granvia Kyoto and six other hotels operated by JR-West Hotels and equipped with banquet rooms, West Japan Railway Hotel Development offers a CO₂ Zero MICE^{*1} option that switches the power for the venue spaces over to renewable energy, thereby reducing their CO₂ emissions to virtually zero.

The event organizers who use these venues and who purchase this option are issued a renewable energy certificate (REC) from the Japan Quality Assurance Organization, which certifies their contribution to the spread of renewable energy. For event organizers, obtaining an REC means they are contributing to society and helps

improve their reputation as an environmentally friendly company.

West Japan Railway Hotel Development espouses the “SDGs Initiatives at JR-West Hotels”^{*2} and pursues a variety of initiatives apart from those described in this report. Under the slogan of “Doing what we can to create a hotel that exists in harmony with society,” the company aims to drive the growth and development of people-friendly and environmentally friendly hotels.

^{*1} This option makes use of CO₂ Zero MICE[®] offered by JTB Communication Design, Inc.

^{*2} Further information about the SDGs Initiatives at JR-West Hotels <https://www.jrwesthotels.com/en/sdgs/>

100% renewable energy building (JR West Properties Co., Ltd.)

The Kyushu Branch of JR West Properties is taking part in the Goto RE100 project, the aim of which is to completely meet all essential power needs through the use of renewable energy from the Goto Islands. The Kyushu Branch has established a plan for using renewable energy to meet all of the contract power demand at the facilities it oversees. Although this will add value to the facilities owned by the Kyushu Branch, as well as increase the corporate value of the facility tenants, it will also bring with it added costs, such as non-fossil fuel certification fees. Thus, in tandem with this, JR West Properties has introduced at its Kaminoshima Center Building (Kaminoshima-machi, Nagasaki City) an on-site PPA model that makes use of recycled solar modules^{*1} that are not dependent upon the power grid. Both environmental and economic efficiency can be achieved without the burden of anticipated renewable energy surcharge and fuel cost adjustment increases.

This effort has been certified by the Goto RE100 certification committee for converting all energy usage over to Goto-generated and renewable energy. It has been achieved through an on-site PPA agreement with Goto Citizens' Power K.K. and with the cooperation of the Institute for Energy Research on Remote Islands, Japan. This example of using recycled solar modules in an on-site PPA model is the first of its kind in the Kyushu region^{*2}.



Deputy general manager, Kyushu Branch, JR West Properties Co., Ltd.

Tatsuyuki Hirabe

^{*1} A model that utilizes recycled solar modules in order to reduce the waste generated by solar panel disposal and the CO₂ generated from solar panel manufacturing and other processes.

^{*2} Based on findings by the Institute for Energy Research on Remote Islands, Japan (as of January 2022).

Contributing to the creation of a circular economy

The JR-West Group is promoting the 3Rs—reduce, reuse, and recycle—to reduce the environmental impact of wastewater and waste arising from our business activities. We are working as one to contribute to the creation of a circular economy.

Fuubo vending machines (JR West Japan Kyoto Shopping Center Development Company [formerly Kyoto Station Center Co. Ltd.])

Thanks to a partnership agreement between Kyoto Prefecture, ZERO Corporation, and Weathernews Inc. to reduce food loss as a way to help achieve the SDGs in Kyoto Prefecture and, thereby, help realize an environmentally friendly society, Fuubo^{*} vending machines have been installed in the Porta underground shopping arcade at JR Kyoto Station.

^{*}Fuubo vending machines sell products (e.g., unused food products) that can still be consumed but would otherwise be disposed of for reasons such as being past the delivery or sell-by date or having out-of-season packaging at a discounted price of up to 90% off the normal retail price.



Section chief, Management Group, Sales Department, JR West Japan Kyoto Shopping Center Development Company

Tetsuya Sakurada

TABETE food sharing service (West Japan Railway Hotel Development, Ltd.)

In January 26, 2022, West Japan Railway Hotel Development introduced TABETE^{*1}, one of Japan's largest food sharing platforms, run by CoCooking Corporation, into all five Hotel Granvia hotels, JR-West Hotels' flagship hotel brand.

Also, by operating this program in conjunction with our already existing initiative for reducing food loss, which involves sending leftover food and cooking scraps to a recycling center to be turned into animal feed and other usable material, as well as in conjunction with the 3010 Campaign^{*2}, which reduces leftover food by establishing a fixed time frame for eating during banquets, we will be able to reduce food loss even further.

^{*1} TABETE is a food sharing service that matches registered users, who support reducing food loss, with products that restaurants and other food-related establishments are unlikely to be able to sell before the end of business hours, or that are in danger of being thrown away despite still being perfectly good to eat.

^{*2} The 3010 Campaign calls on those hosting events that involve meals to help reduce food loss by allocating the first 30 minutes and the final 10 minutes of the event on eating and drinking.



Assistant manager, Sales Strategy Department, Company Headquarters, West Japan Railway Hotel Development, Ltd.

Chiaki Fukushima

Living in harmony with nature (water resource protection, biodiversity conservation)

The business activities of the JR-West Group benefit from nature's great abundance, but they also have no small impact on nature. That's why we pursue efforts aimed at conserving biodiversity, such as by limiting the impact that our business activities have on diverse ecosystems.

Reducing the environmental impact of maintenance materials (Hakusan Depot, Kanazawa Branch)

With the help and ingenuity of group companies, we are finding ways to reduce the number of paint coatings applied to rolling stock without compromising car quality so that we are able to use less paint (organic solvents). We are also working to reduce environmental impact by replacing rolling stock paint, axle rust-prevention agents, and other products containing organic solvents with water-based versions that have less impact on employee health and the ecosystem.



Reducing the impact of river-crossing construction work on aquatic environments (Yonago Civil Engineering Center, Chugoku Regional Head Office)

When constructing railway crossings over rivers, as part of our planning we take into consideration the impact the project will have on the plants and animals that live in and around the river. We also take measures at the construction site to reduce the impact on the ecosystem, such as by releasing upstream any animals we discover (such as ayu sweetfish and giant salamanders) and installing pollution-control fencing to maintain water quality.



Removing sludge in wastewater treatment using an electrolytic wastewater treatment system (West Japan Railway Techsia Co., Ltd.)

West Japan Railway Techsia Co., Ltd. developed the J-TREAT electrolytic wastewater treatment system, which electrolytically processes wastewater resulting from washing vehicles and rolling stock parts at locations such as vehicle depots. It eliminates more than 90% of dirt from sludge emissions (clods of dirt removed from wastewater), in addition to reducing the power consumed by the treatment process. Compared to wastewater treatment equipment that utilizes conventional flotation methods, this system contributes significantly to purifying wastewater, conserving energy, and reducing waste. To date it has been installed at 11 vehicle depots belonging to the company. Delivery of this system is being expanded outside the JR-West Group, helping to reduce the environmental impact of society as a whole.





Human Resources Strategy

We have positioned human resources and job motivation as an important foundation for management in our Medium-Term Management Plan 2022. We have set out our Vision for Human Resources Cultivation and Foundation for Human Resources Cultivation and stated that the whole Group will endeavor to pursue this goal.

We will create a virtuous cycle in which cultivating human resources leads to the growth of our business, which in turn results in the further cultivation of human resources. By repeating this virtuous cycle to meet the expectations of our customers and shareholders, we will cultivate people who can contribute to the sustainable growth of the Group going forward.

In addition, we will give priority to training human resources who can contribute to the creation of new value and to corporate reforms that boost our ability to address change; to improving physical and mental health as well as work engagement, which form the foundation for those efforts; and to ensuring diversity in our workforce.



Head operations;
Director and Executive Officer;
General Manager of Personnel Department
Masatoshi Miwa

Vision for Human Resources Cultivation: the foundation for the initiative

Cultivation program

Propelled by a desire to achieve our vision of cultivating human resources, we encourage the growth of each person by offering group study and encouraging self-study built on a foundation of on-the-job-training (OJT) in every workplace.

Passing on technology

To ensure sustained operation of our railway services, we are undertaking initiatives based on our educational plan so that we can train employees with the necessary level of technical skills in an ongoing manner.

Specifically, we establish standards that set forth the technical skills and abilities that are necessary for each position and rank, assess individual employees' level of learning against those standards, and work to improve skills found to be lacking through OJT and group study at our Staff Training Center.

Group study and assignment of trainees outside the Group

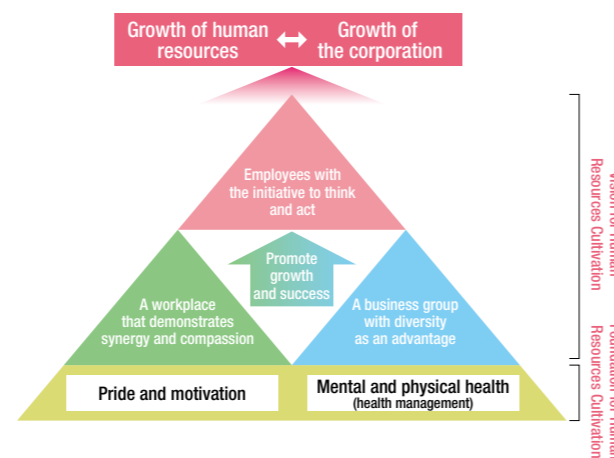
In addition to rank-specific training, we now offer assessment-style training designed to improve management skills to employees seeking a promotion to a supervisory position.

Moreover, to train the leaders who will guide the JR-West Group forward in the future, we augment selection-based rank-specific training by sending trainees outside the Group to work at other companies, study at Japanese or overseas graduate schools, or participate in outside training.

Evaluation mechanisms

We believe the purpose of human resources evaluation lies in identifying operational and skill development issues, increasing the motivation and skills of individual workers, and leveraging them in the service of organizational performance in the form of improved results and the achievement of targets and plans. Interviews with individual employees, which are held once every six months, provide an opportunity to reflect on progress

Ideal vision for human resources cultivation



Self-study

To support employees who take the initiative to develop their own skills, we offer numerous internal and external correspondence courses designed to improve operational and business skills for employees throughout the Group.

We also help employees working to earn certain official qualifications pay associated examination and study fees.

towards achieving shared goals established for individual workplaces and positions and to boost motivation for achieving the next set of goals. Furthermore, we have introduced a goal management system for employees of front-office departments in supervisory positions and employees of back-office departments as part of an effort to ensure individual employees' goals are consistent with company and workplace goals.

Educational system combining internal training and outside programs

Position	Group study			Outside training
	Common training	Pre-assignment training	Selection-based training	
Executives	Top safety management training			
Managers	OJT			
	Manager training Site manager training			
Supervisors	Diversity promotion training ^{*1}			
	OJT	Assessment-style training		
Operational leaders	Assistant director training			
	OJT	Assessment-style training		
Operational staff	Assistant manager training			
	Diversity promotion OJT	Assessment-style training		
	New-employee training			
			Value creation training	
			Knowledge co-creation training	
			Mentor-led female leader training program ^{*2}	
			"Change leader" program	
			Next step training	
			Study at Japanese universities	
			Internships	
			Study at Japanese or overseas graduate schools	
			Seconding to other companies	
			Outside training	

^{*1} For managers whose subordinates include female career-track employees.

^{*2} For female career-track employees.

Training results^{*3}

Total training hours	355,531 hours/year
Training time per employee	11.1 hours/year

Seconding to other companies^{*4}

Host organizations and number of employees seconded	Approx. 120 locations, 400 people
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Correspondence training^{*4}

Internal correspondence training	57 courses, 11,133 participants
Outside correspondence training	97 courses

Funds for earning qualifications^{*4}

Number of employees and amount of funding	670 people, approx. 13.35 million yen
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^{*3} Based on training held at the Staff Training Center.
^{*4} Cumulative total from April 1, 2021 to March 31, 2022.

Increasing our ability to create new value and address change

I'm experiencing the launch of a new business to resolve social issues

I was seconded in August 2021 to Toppan Forms Co., Ltd., where I'm currently working in the Frontier Business Development Division's Business Promotion Department to promote Watashi no Ondo ("my temperature"), a health care device and app for women. The product is classified as "femtech," which seeks to resolve women's health issues through technology, and is part of a new business domain for the company.

So far, I've gained experience in everything from launching a new business to managing the business and organization in an unprecedented area. I've learned about the unique features of a B2B business and of its approach to social needs, among other things. After I return to JR-West, I look forward to taking advantage of this experience to advance new initiatives, whether in relation to a new or existing business.



Seconded to the Business Promotion Department, Frontier Business Development Division, Toppan Forms Co., Ltd.
Natsuki Katsumori

Mechanisms supporting autonomous career development

Reflecting our belief that combining employees' diverse knowledge and experience boosts our ability to innovate and address change, we help workers grow by expanding opportunities for them, both inside and outside the Group, to choose their careers autonomously and embrace associated challenges.

Pursuing the JR-West Group's digital strategy

To empower all employees to create new value in their own area of responsibility, we're working to foster the development of advanced professional human resources with specialized skills in digital technology and business application skills as well as leaders in their respective areas and to offer DX literacy education for all employees.

Open position recruitment program

This program recruits human resources from all employees to oversee new businesses and projects.

Sub-career program

This program lets employees work at another company for up to eight days every month.

Career development leave program

This program lets employees take up to two years off to study at a university, vocational school, or other educational institution or to earn various qualifications.

Development of advanced professional human resources

We assign employees to data analysis training and programs for training core human resources for venture businesses and information security.

Development of leaders in their respective areas

We foster the development of key individuals in areas such as work design, internal development, and information security.

DX literacy training

We offer education focusing on basic knowledge and are enhancing outside correspondence training.

Human Resources Strategy

Physical and mental health, and work engagement

Health management

In helping employees maintain and improve their health, we are working to realize a workplace environment in which each and every employee can do their job in an energetic manner and to increase corporate value by boosting productivity.

Specifically, we have formulated a Medium-Term Health Management Plan encompassing target values and priority initiatives for the five-year period beginning in fiscal 2019. Our workplaces, occupational health staff, and HR departments are working together to achieve the plan's goals. (See p.70 for details.)

Pandemic countermeasures

To ensure our ability to provide consistent transportation services and enable customers to use them with peace of mind, we have administered about 26,000 vaccines under our workplace vaccination program*. In addition, Osaka General Hospital of West Japan Railway Company has been fulfilling its role as a core regional healthcare facility by accepting inpatients through beds specifically for COVID-19 patients.

*The number of vaccinated individuals includes employees of group companies and affiliates as well as their family members.

Improving work engagement

To ascertain employee motivation and work engagement, we conduct questionnaires targeting all employees and group analyses using stress checks.

By offering feedback about the results to individual workplaces and encouraging the autonomous identification and resolution of issues, we are working to increase the percentage of lively workplaces where employees experience low stress, feel motivated, and do their jobs enthusiastically.

① Pride and sense of mission in work ② Meaningfulness and sense of achievement in work ③ Initiative and capacity to think and act ④ Mental and physical vitality
⑤ Participation in workplace initiatives ⑥ Work-life balance ⑦ Cultivation of a CS mindset ⑧ Workplace culture (synergy and compassion)
⑨ Initiatives to pass on technology and boost expertise ⑩ Communication with supervisors ⑪ Fair evaluations and compensation ⑫ Opportunities to improve skills
⑬ Reflection of front-line information in policies (workplace-based approach) ⑭ Dissemination and sharing of management policies (medium-term plan, etc.) ⑮ Pride in the company
⑯ Diversity and work style reforms

Mental health

- We offer interviews with a clinical psychologist and ongoing follow-up by occupational health staff for employees who have just been transferred or promoted.
- We offer mental health management education to managers and HR personnel. We empower managers to ensure the mental well-being of their subordinates in the workplace.

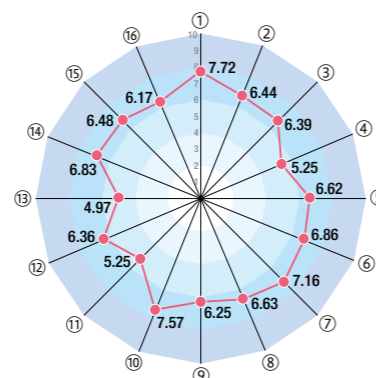
Physical health

- We have allocated support funds for programs including annual health checkups, cancer testing, and programs that help employees quit smoking.



Third-party evaluations

● Certification as an excellent health management corporation
In 2022, we were recognized as a Health and Productivity Management Outstanding Organization (in the large enterprise category, making us part of the White 500), and five group companies earned the same certification (in the large enterprise and SME categories).



Employee awareness survey

Number of respondents: 27,592
Response rate: 90.4%

Ratio of lively workplaces

FY2021: 80%
FY2022: 77%

Diversity and inclusion

We actively pursue diversity in an effort to ensure that employees with diverse backgrounds and circumstances can make the most of their abilities as they do their jobs.

Human resources recruitment

Recognizing the need to hire human resources who understand and empathize with the JR-West Group's mission as an infrastructure company, who can address change and pursue reforms in a robust manner, and provide significant value to society going forward, the Group strives to hire a diverse range of individuals, including through mid-career hires and hires of foreign employees.

Number of hires

New graduate hires*1		Mid-career hires*2	
Men	Women	Men	Women
104 people	39 people	47 people	21 people

Employee turnover rate*3

Total turnover rate	Voluntary turnover rate
5.3%	2.4%

Career-track foreign employees*1

Number of employees and home countries
11 people, 6 countries

Gender equality, and balancing work responsibilities with childcare and nursing care

Currently, female employees account for about 15% of our total workforce, and the number of women actively working in managerial and supervisory positions is steadily growing. In order to further encourage women to take on an active role in their careers, the new action plan that started in fiscal 2023 includes measures to create opportunities by, for example, providing information and education that aid in long-term career development, and to provide support for health issues that are unique to women. As part of that effort, we created an infertility treatment leave program designed to build an environment in which employees can focus on infertility treatment while continuing their careers.

We are also offering diversity promotion training designed to

help career-track female employees who are expected to actively serve as future leaders visualize their ability to continue playing an active role while navigating a variety of life events. During fiscal 2022, training was offered to 31 employees and 26 supervisors whose subordinates include career-track females.

The percentage of male employees taking paternity leave exceeded 30% thanks to programs that help employees balance their jobs with childcare and nursing care responsibilities and actively communicating information about the programs.

We will continue to build an environment that boosts motivation and contributions while empowering employees to continue their careers regardless of how many hours they work or the constraints under which they do so.

Female participation-related*1

Percentage of female employees (excluding executives)					Female managers and supervisors
14.8%					
Executives*4	Managers	Staff (supervisory)	Staff (non-supervisory)	Non-regular employment	314 people
6.4%	2.3%	5.4%	20.0%	10.3%	

Childcare and nursing care-related

Employees taking childcare leave*3		Paternity leave utilization rate of male employees*5	Percentage of employees who came back after childcare leave*5	Employees taking nursing care leave*3
Men	Women			
572 people	743 people	37.8%	92.8%	21 people

Work style reforms and diversity

Since the president declared a companywide commitment to work style reform, including reducing long working hours, in a message in 2016, we have been working to ensure a work-life balance by creating an environment in which each employee can make the most of their abilities. We continue to work to boost productivity through the use of digital tools and to realize work styles that are independent of time and location restrictions.

- Introducing flextime without core time for back-office departments and some front-office departments
- Expanding eligibility for our telework program and eliminating limits on the number of days employees can utilize it
- Lending computers to employees of back-office departments for telework use and utilizing a cloud service (Office 365)

Work style-related*6

Total actual hours worked		Monthly average overtime hours	
Men	Women	Men	Women
1,746 hours	1,733 hours	9.5 hours	6.4 hours

Annual paid leave utilization rate

Men	Women
86%	93%

Hiring disabled employees and helping them contribute

Reflecting our desire to become a corporate group where a diverse range of people can make the most of their individuality and abilities while working enthusiastically, regardless of whether they have any disabilities, we are hiring employees with disabilities throughout the Group, centered on special subsidiary JR-West Iwll Co., Ltd.

Some 180 employees with disabilities fulfill responsibilities in fields such as printing and healthcare at JR-West Iwll. The company is also actively pursuing new businesses, such as a "station grocer" to sell fresh local vegetables and other produce near the ticket gates at train stations under a local food for local consumption concept.

Percentage of employees with disabilities*1

Percentage of employees with disabilities		
FY2021	FY2022	FY2023
2.85%	2.83%	2.86%

Note: The number of disabled employees includes neither foreign nationals nor employees working at worksites outside Japan.

*1 As of April 1, 2022. *2 From April 2, 2021 to March 31, 2022. *3 Regular employees and full-time, non-regular employees are eligible for this program. From April 1, 2021 to March 31, 2022. *4 Including executive officers, administrative officers, and technical officers. *5 Regular employees and full-time, non-regular employees are eligible for this program. Percentage of employees who remained employed as of April 1, 2022 after coming back to work from childcare leave between April 1, 2020 and March 31, 2021. *6 Regular employees are eligible for this program. As of March 31, 2022.



Respect for Human Rights

JR-West Group Basic Policy on Human Rights

With corporate globalization continuing and people's awareness of human rights undergoing dramatic change, society is demonstrating unprecedented interest in companies' human rights initiatives. As companies address an increasingly diverse and complex range of human rights issues, including race, nationality, gender, age, and religion, they are called upon to respect the human rights of all people, including customers, local residents, business partners, and employees, while undertaking business activities that take advantage of diverse values.

To more clearly delineate our stance on human rights initiatives, which form the basis of such activities, we formulated the JR-West Group Basic Policy on Human Rights in April 2019, drawing on a number of international norms related to human rights, including the United Nations Guiding Principles on Business and Human Rights. We pursue initiatives and business activities that respect the human rights of all people so that we can help create a "safe and comfortable society filled with meetings among people and smiles."



Head of operations;
Vice President, Representative Director,
and Executive Officer

Shoji Kurasaka

Reducing the risk of human rights violations

The JR-West Group is working to reduce risks and prevent human rights violations from occurring by ascertaining specific human rights risks that may occur in each workplace and then identifying potential human rights issues and evaluating and implementing countermeasures. In addition, we host human rights awareness lectures, offer workplace education, and implement other programs for the Group's executives, employees, and other personnel to raise awareness of human rights.

Going forward, we will work to reduce the risk of human rights violations, leading to a greater understanding of human rights and helping to prevent human rights violations. Moreover, we are steadily advancing measures to provide products and services that customers can use in comfort and with peace of mind, create workplaces where our employees can feel safe and work enthusiastically, and build positive relationships with our suppliers and local communities.



Seminar on corporate ethics and human rights

Encouraging understanding of LGBTQ issues and increasing employee motivation

In addition to holding education to encourage understanding, efforts to increase the motivation of LGBTQ and other employees who belong to sexual minorities include extending eligibility for programs that depend on a spousal relationship to employees' same-sex partners when their relationship is deemed equivalent to marriage and establishing internal and outside hotlines for employees seeking advice.

During fiscal 2022, we continued our efforts to promote understanding, including offering awareness-raising education to new appointees to certain positions and handing out "Ally" stickers that show one's understanding of LGBTQ issues.



Corporate Ethics (Compliance)

As a corporate group that operates infrastructure with a focus on railways, the JR-West Group considers it important to provide safe, secure services through its daily business activities so that it can continue to inspire confidence (a combination of trust and high expectations) on the part of society.

With regard to corporate ethics (compliance), we not only observe laws and internal rules but have also formulated guidelines like the Employee Code of Ethics and the Executive Code of Ethics to facilitate sensible conduct and efforts that inspire confidence. In addition, we strive to spread associated values among executives and employees using easy-to-understand phrases like "the three values" and "the four questions to ask oneself."

To foster adherence to corporate ethics, we also carry out educational and awareness-raising activities to prevent fraud and other unacceptable conduct, administer a corporate ethics questionnaire, establish rules concerning gifts and business entertainment, enhance our whistleblower system, and check the state of legal compliance.

Structures

We have established a Corporate Ethics and Human Rights Committee to discuss important management matters related to corporate ethics and human rights, and we work to reduce compliance risk while drawing on advice from outside experts.

We also endeavor to ensure steady progress on matters

deliberated by the committee by assigning corporate ethics and human rights administrators and implementation coordinators to relevant JR-West departments and group company departments.

Education and awareness-raising

We offer rank-specific training to executives, managers, and general employees, including at group companies, as a way to provide education and awareness-raising in corporate ethics. Based on growing awareness of the SDGs in recent years and on the increasing diversity and complexity of the concept of human rights, we not only work to prevent misconduct, as we have done before, but also give priority to measures that deepen understanding in keeping with global trends, such as the relationship between business and human rights.

We give all employees a Compliance Handbook that explains topics such as bribery, improper transactions, insider trading, information leaks, and relationships with antisocial forces. We also regularly publish and post at each workplace a compliance newsletter addressing familiar compliance topics based on the results of our corporate ethics questionnaire, social trends, and other developments in an effort to spread awareness of compliance issues.

Corporate ethics questionnaire

Each year, we administer a corporate ethics questionnaire to monitor our corporate culture and look for signs of misconduct.

In addition to reporting them to top management and sharing information about compliance issues, we use the results of the

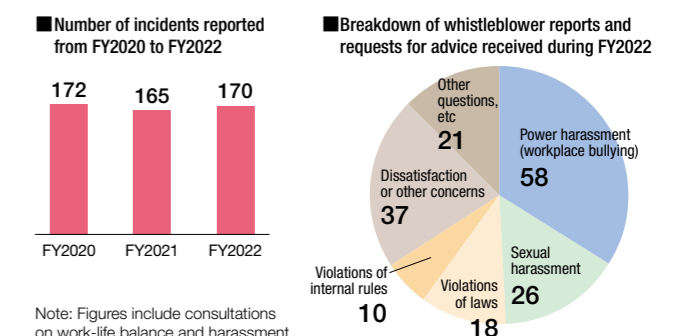
questionnaire to study measures for preventing misconduct.

Whistleblower system

The JR-West Group has established an Ethics Office and an outside hotline (at a law office) to accommodate contacts from whistleblowers and requests for advice concerning corporate ethics and human rights in keeping with the provisions of the Whistleblower Protection Act and other regulations. We have also established a hotline for use by employees of business partners of JR-West Group companies. This way, we are striving to build a "self-cleansing" corporate culture by quickly identifying and dealing with fraud and other unacceptable conduct.

We also made significant revisions to our internal rules following the enactment of the revised Whistleblower Protection Act in June 2022. We are working to strengthen protection for whistleblowers by, for example, identifying employees who are performing jobs that make them eligible for whistleblower

status, expanding the range of reportable incidents, and taking steps to ensure independence from executive leadership.



Corporate Governance



Board of Directors

• Number of years as board member • Attendance at board meetings (FY2022)

1 Kazuaki Hasegawa

- 10 years
- 16/16 meetings

Personnel and Remuneration Advisory Committee member

2 Hikaru Takagi

- 4 years
 - 16/16 meetings
- Former professor at the Graduate School of Law, Kyoto University

Independent officer
 Personnel and Remuneration Advisory Committee member

3 Yoshinobu Tsutsui

- 2 years
 - 16/16 meetings
- Chairman of the board and representative director of Nippon Life Insurance Company

Independent officer
 Personnel and Remuneration Advisory Committee member

4 Haruko Nozaki

- 2 years
 - 16/16 meetings
- Former junior corporate officer of Horiba, Ltd.
 Major concurrent posts
 Executive vice president of Kyoto University

Independent officer
 Personnel and Remuneration Advisory Committee member

5 Kenji Iino

- Appointed as director in June 2022
- Former managing director and executive managing officer of Mitsui Fudosan Co., Ltd.
 Major concurrent posts
 Senior corporate auditor of Mitsui Fudosan Realty Co., Ltd.

Independent officer

6 Yoshiyuki Miyabe

- Appointed as director in June 2022
- Major concurrent posts
 Director and executive vice president of Panasonic Holdings Corporation

Independent officer

7 Fumito Ogata

- 6 years
- 16/16 meetings

8 Shoji Kurasaka

- 4 years
- 16/16 meetings

Personnel and Remuneration Advisory Committee member

9 Keiji Nakamura

- 4 years
- 16/16 meetings

10 Eiji Tsubone

- 1 year
- 12/12 meetings

11 Hiroaki Maeda

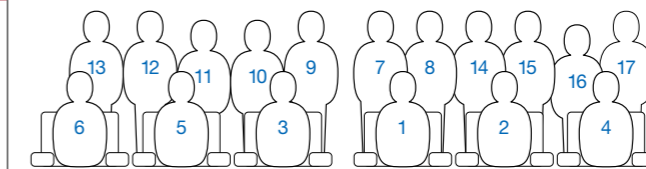
- Director and Senior Executive Officer (Full-time Audit and Supervisory Committee member)
- Appointed as director in June 2022

12 Masatoshi Miwa

- Director and Executive Officer
- Appointed as director in June 2022

13 Hideo Okuda

- Director and Executive Officer
- Appointed as director in June 2022



14 Fumio Tanaka

- Director (Full-time Audit and Supervisory Committee member)
- Appointed as director in June 2022 (Tenure as Audit & Supervisory Board member: 2 years)
- 16/16 meetings

15 Maki Ogura

- External Director (Full-time Audit and Supervisory Committee member)
 - Appointed as director in June 2022 (Tenure as Audit & Supervisory Board member: 2 years)
 - 16/16 meetings
- Former judge

Independent officer

16 Emiko Hazama

- External Director (Audit and Supervisory Committee member)
 - Appointed as director in June 2022 (Tenure as Audit & Supervisory Board member: 2 years)
 - 16/16 meetings
- Former deputy mayor of Sakai City
 Major concurrent posts
 Professor at the Department of Public Affairs, Osaka University of Commerce

Independent officer

17 Kenryo Goto

- External Director (Audit and Supervisory Committee member)
 - Appointed as director in June 2022
- Former Osaka Office managing partner and senior executive board member of KPMG AZSA LLC
 Major concurrent posts
 Certified public accountant, Kenryo Goto Certified Public Accountant Office

Independent officer

Corporate Governance

Key features of JR-West corporate governance

In light of the dramatic changes in the business landscape that have been taking place in recent years, and with a view towards first reforming and reconstructing and, then, evolving and growing our Group as a whole, JR-West transitioned in June 2022 to a company with an Audit and Supervisory Committee, undertaking this change as part of organizational reform aimed at enhancing our ability to address change.

- The Board of Directors comprises 17 directors, of which eight (47.1%) are independent external directors.
 - ◇ Of the 13 directors (12 men and one woman) on the Board (excluding directors who are Audit and Supervisory Committee members), there are five external directors who specialize in monitoring and supervising.
 - ◇ There are four directors (three men and one woman; three of whom are external directors who are Audit and Supervisory Committee members) who are Audit and Supervisory Committee members invested with voting rights and other authority on the Board of Directors.
- Along with the Board of Directors entrusting much of the responsibility for important business execution decision-making to the executive directors, structures such as an executive officer system have been adopted to accelerate decision-making and business execution.
 - ◇ In June 2022, a group executive officer system was introduced (appointment of the four main group companies' presidents) whose members are equivalent to executive officers and are responsible for improving the corporate value of the overall Group.

- The Audit and Supervisory Committee audits the job performance of directors according to auditing policies and plans. The committee coordinates with the Accounting Auditor, internal audit department, and others via regular information exchange and other means.
- 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 independent external directors. This ensures objectivity, fairness, and reliability in relation to the personnel affairs and remuneration of officers.
- 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.

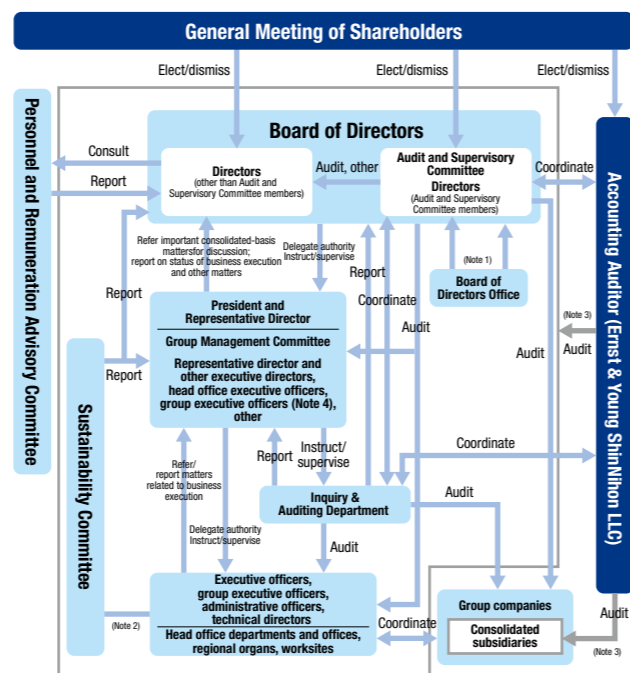


Head of operations;
Vice President, Representative Director,
and Executive Officer
Shoji Kurasaka

Main measures to strengthen Board of Directors-centered corporate governance

June 1999	• Adoption of executive officer system to accelerate decision-making (reduction of internal directors from 27 people to six)
June 2006	• Establishment of full-time staff responsible for communicating and coordinating with external directors ⇒ Expand and improve information-sharing with external directors
April 2007	• Establishment of Remuneration Advisory Committee (comprises at least three directors; more than half are external directors) ⇒ Ensure objectivity, fairness, and trustworthiness of officers' remuneration
June 2010	• Appointment of directors with diverse backgrounds, female directors
June 2012	• Start of evaluation of Board of Directors effectiveness
September 2015	• Creation of Company's Criteria for Independence of External Officers to accompany enforcement of Corporate Governance Code
June 2018	• Shortening of directors' term of office to one year ⇒ Greater flexibility in corporate management structure, clarification of management responsibilities, increased opportunities for shareholders to express their relative confidence
December 2019	• Establishment of Personnel and Remuneration Advisory Committee to advise Board of Directors (as of July 2022, comprises three external directors and two internal directors; chaired by external director) ⇒ Ensure objectivity, fairness, and trustworthiness of officer nominations and remuneration • Institution of Board of Directors' matters for consultation alongside matters to be resolved and matters to be reported ⇒ Undertake ongoing and robust discussion of important managerial matters from medium and long-term perspective
June 2022	• Transition to company with Audit and Supervisory Committee ⇒ Delegate significant authority from Board of Directors to directors to facilitate swift and decisive managerial decision-making and business execution Further expansion of corporate governance through stronger Board of Directors monitoring and other functions • Introduction of group executive officer system (appointment of four main group companies' presidents) whose members are equivalent to executive officers and are responsible for improving corporate value • Introduction of restricted stock compensation plan for internal directors and other executives ⇒ Incentivize pursuit of sustainable corporate value improvement, and create greater shared value with shareholders

Current corporate governance structure



- Note 1: JR-West has established the Board of Directors Office to support the duties of the Board of Directors and the Audit and Supervisory Committee. Full-time support staff have been put in place who are ensured independence from executive directors and others.
- Note 2: The Sustainability Committee performs comprehensive evaluation of sustainability initiatives and gives essential feedback on priority areas such as the global environment and risk management. For each of these priority areas, the departments in charge create separate committees as needed to pursue PDCA.
- Note 3: □ denotes audit scope of the Accounting Auditor.
- Note 4: Group executive officers are equivalent to executive officers and are appointed by the Board of Directors to enhance the overall value of the Group, in accordance with the decision-making of the Board of Directors and executive directors, as persons responsible for executing group company business.

Skill diversity of directors

The table below defines the six skills (knowledge, experience, abilities, other) that are currently considered important for the Board of Directors to possess to carry out timely and appropriate decision-making, along with highly effective monitoring and supervision, which facilitate achievement of the

four strategic axes of the revised JR-West Group Medium-Term Management Plan 2022 (see p. 25).

With regard to ESG-related skills, we believe that these six skills encompass their essential elements and that the entire skill set should be represented by the Board of Directors as a whole.

Table of skills currently represented by, and particularly expected of, directors (skills matrix)

Name	Position in the Company	Skills particularly expected to be displayed (major components stated in lower column)					
		Corporate management Business strategy Organization development Finance strategy	Governance Legal affairs/risk management Diversity Human rights Human resources cultivation	Safety/quality Safety/quality-related technologies Customer satisfaction Marketing	Innovation/advanced technology DX Productivity improvement Global environment	Community/city development Real estate development Enhancing convenience of railway networks Improving appeal of communities/cities	Coexistence with local communities Tourism/industrial development Local culture development Sustainable transportation systems
Kazuaki Hasegawa	President and representative director (Chairman of the Board of Directors)	●		●		●	
Hikaru Takagi	Director (independent, external)		●				
Yoshinobu Tsutsui	Director (independent, external)	●	●				
Haruko Nozaki	Director (independent, external)		●				●
Kenji Iino	Director (independent, external)	●				●	
Yoshiyuki Miyabe	Director (independent, external)			●	●		
Fumito Ogata	Representative director	●		●		●	
Shoji Kurasaka	Representative director	●	●				●
Keijiro Nakamura	Representative director	●		●			●
Eiji Tsubone	Director	●			●		
Hiroaki Maeda	Director		●	●			
Masatoshi Miwa	Director	●	●				
Hideo Okuda	Director	●			●		
Fumio Tanaka	Full-time Audit and Supervisory Committee member			●	●		
Maki Ogura	Full-time Audit and Supervisory Committee member (independent, external)		●				
Emiko Hazama	Audit and Supervisory Committee member (independent, external)		●				●
Kenryo Goto	Audit and Supervisory Committee member (independent, external)	●	●				

Note 1: Of skills possessed by each individual, up to three skills that are particularly expected to be displayed in light of the composition of the Board of Directors have the mark "●".
Note 2: The above table is not an exhaustive list of all the knowledge, experience, ability, etc., the individuals possess.

Evaluation of the Board of Directors' effectiveness and efforts to improve its effectiveness

An evaluation of the effectiveness of the Board of Directors is carried out once every year through questionnaires, discussions, and other means, aimed at all Board members (and, until fiscal 2022, all members of the Audit and Supervisory Board).

The results of the fiscal 2022 evaluation of the effectiveness of the Board of Directors confirmed that the Board continues to be sufficiently engaged in discussion focused on Group reform and reconstruction. As for future challenges, there was shared recognition among Board members about the need for more in-depth discussion about what must be done with regard to the direction of our business portfolio, the allocation of managerial resources, the implementation of sustainability-related initiatives, and other matters connected with the improvement of corporate value in the medium and long term after the end of the pandemic. There was also shared recognition about the need for fundamental reform of the management structure that will ensure the future survival and growth of the Group. Based on these considerations,

the Board made the decision to transition the company to one with an Audit and Supervisory Committee. (This decision was announced on January 31, 2022, and the transition was enacted following approval at the 35th Ordinary General Meeting of Shareholders on June 23, 2022.)

Based on all of this, the JR-West Board of Directors has been deemed to be functioning effectively. And, in order to maintain and improve its effective functioning, the following efforts are being pursued.

1. Improvement of the system for sharing information with external directors
2. Institution of matters for consultation by the Board of Directors to enhance discussion
3. Sharing of the Board of Directors' discussion content with executives
4. Use of questionnaires and other means to survey directors, and, based on the results, enactment of efforts to improve the effectiveness and vitality of the Board of Directors

Corporate Governance

Personnel and Remuneration Advisory Committee

The JR-West Group has established a Personnel and Remuneration Advisory Committee tasked with improving objectivity, fairness, and reliability with regard to matters such as the remuneration and personnel affairs of officers and others.

This committee, which comprises at least five directors, the majority of whom are independent external directors and the committee chair is also an independent external director, deliberates on officer remuneration and personnel matters from a fair and objective standpoint and makes recommendations to the Board of Directors. Specific matters deliberated by this committee include Board of Directors composition and diversity, expected skills of directors and officers, policies and criteria for selection and dismissal of directors and officers, policies and criteria for remuneration of directors and officers, and the creation of succession planning.

Officer remuneration

Overview of the remuneration system for directors

Remuneration for JR-West directors consists of fixed, basic remuneration; short-term incentive performance-evaluation remuneration; and share-based remuneration (see below), which incentivizes pursuing shared value with shareholders over the long term and increasing corporate value over the medium to long term. Basic remuneration and performance-evaluation remuneration are paid monthly, while share-based remuneration is paid at a fixed time each year.

However, remuneration for directors who are Audit and Supervisory Committee members and for external directors consists of basic remuneration only.

Regarding the amount of basic remuneration, JR-West prepares a remuneration table organized according to management responsibilities, taking into account remuneration levels at other companies, as investigated by specialist external organizations, to ensure an appropriate level of remuneration.

In order to increase focus on improving company performance for each business year, JR-West provides performance-evaluation remuneration at an amount that corresponds to the degree to which railway safety, consolidated revenues, consolidated income, and asset efficiency targets established at the outset of the previous fiscal year have been met but that does not exceed 30% of the basic remuneration. While this is largely premised on the achievement of safe and stable railway operations, which is our core business, systematic support of appropriate risk-taking by management for the sake of long-term sustainable growth as a corporate group and improving corporate value is also important. Thus, both ensuring railway safety and the KPIs set in the JR-West Group Medium-Term Management Plan 2022 are used as performance indicators.

For share-based remuneration, restricted stock is issued at a base amount that corresponds to the recipient's management responsibilities.

Remuneration for directors (excluding external directors and directors who are Audit and Supervisory Committee members),

Members (as of July 2022)

Title/position	Name	Attribute
Chair	Yoshinobu Tsutsui	Independent external director
Member	Hikaru Takagi	Independent external director
Member	Haruko Nozaki	Independent external director
Member	Kazuaki Hasegawa	Internal director
Member	Shoji Kurasaka	Internal director

Committee meetings in fiscal 2022

During fiscal 2022, the entire Personnel and Remuneration Advisory Committee met 10 times.

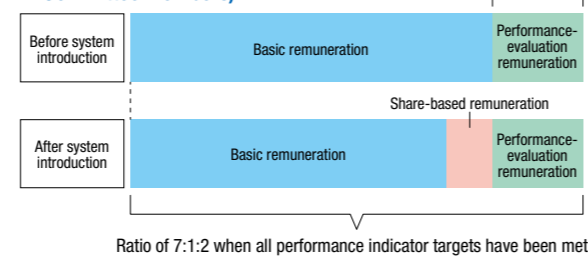
when all performance indicator targets established at the outset of the previous fiscal year have been met, consists of basic remuneration, performance-evaluation remuneration, and share-based remuneration in a ratio of 7:2:1 (see the graph below).

Specific decisions about remuneration for individual directors (excluding directors who are Audit and Supervisory Committee members) are arrived at through deliberation by a Personnel Committee comprising multiple representative directors, the director in charge of personnel, and others and with due consideration given to the recommendations of the Personnel and Remuneration Advisory Committee (on which external directors are the majority) to ensure remuneration is both fair and credible.

Share-based remuneration system

With the aim of incentivizing directors' efforts to sustainably increase corporate value and to more closely align director and shareholder interests, a restricted stock remuneration plan for directors (excluding external directors and directors who are Audit and Supervisory Committee members) was introduced following approval at the 35th Ordinary General Meeting of Shareholders on June 23, 2022. (Executive officers, group executive officers, administrative officers, and technical directors are also included.)

Reference: Composition of remuneration for directors (excluding external directors and directors who are Audit and Supervisory Committee members)



Message from Newly Appointed External Directors

Monitoring and supervising corporate governance effectiveness from an outside perspective



External director
Kenji Iino

Creating corporate value and enhancing the trust of society cannot be accomplished without sound corporate governance and a tireless, cooperative commitment by management and employees.

From my vantage point as an outsider, I believe that the monitoring and administrative mechanisms and systems of corporate governance are already in place at JR-West.

In the course of performing supervision and monitoring, I will actively engage the Board of Directors and others in an exchange of opinions in order to address such matters as whether

JR-West's corporate governance systems are operating properly, whether there is shared, Group-wide awareness, and whether JR-West's efforts are earning the broad trust of society.

I will also leverage my experience and insights in domestic and overseas real estate development and sales, administration, and investment management of real estate investment trusts for the sake of furthering community/city development and other endeavors, as well as fostering their positive coordination with the railway business.

Developing together with stakeholders as a public endeavor

Konosuke Matsushita, the founder of Panasonic, described companies as being a "public endeavor." The resources needed for a company to operate, including human resources, capital, land, and materials, are all obtained from society. The only way a company will grow and develop over the long term is if it makes full use of those resources to generate surplus value and not only contribute to society but also develop together with its customers, business partners, shareholders, society, and all other stakeholders. This is the foundation on which basic

management policies are established. I see the aim of corporate governance as watching and making sure that no action is taken that is contrary to these policies and prompting swift, appropriate, and bold action in response to environmental change.

The public certainly thinks of JR-West as a public endeavor. I look forward to robust discussion with executives about when to apply the brakes, when to pick up speed, and when a change of direction is warranted.



External director
Yoshiyuki Miyabe

Facilitating both cautious and bold management through corporate governance

JR-West has a responsibility to keep its accounts balanced while also helping ensure safety and security in people's everyday lives. Although the pandemic has made this task more difficult, it is management's job to achieve it nonetheless. And I believe that corporate governance is one of the tools that helps them to accomplish this.

For example, when trying to improve both the productivity and safety of railway operations, it is likely that some measures will conflict in some ways with others. Also, while we want to restore the company's financial base as quickly as

possible, investment in safety is the most important strategy.

JR-West is proceeding one sure step at a time to resolve these sorts of multifaceted management challenges in order to make western Japan an area in which everyone, including future generations, can continue to enjoy energetic, active lifestyles.

With my outsider's perspective, I will make it my mission to encourage not only caution but boldness as well.



External director
Kenryo Goto



Shoji Kurasaka
Vice President,
Representative Director,
and Executive Officer

Emiko Hazama
External Director
(Audit and Supervisory
Committee Member)

Hikaru Takagi
External Director

Corporate governance
Three-way discussion

Role of the Board of Directors in accommodating intense change in the business environment and increasing corporate value

We're working to realize structural reforms in our business and management in the midst of an unprecedented crisis brought on by a shrinking population, intensifying natural disasters, and the COVID-19 pandemic. External director Hikaru Takagi, external director and Audit and Supervisory Committee member Emiko Hazama, and Vice President Shoji Kurasaka talked about a broad range of topics, including the role that the Board of Directors is expected to play in increasing corporate value, while focusing on the significance of the JR-West Group's existence, the value it should provide to stakeholders, and associated medium- and long-term issues.

Be a company that can embrace new challenges in partnership with various stakeholders

Kurasaka: At a time of intense change in the business environment, it's an urgent priority to implement speedy decision-making while strengthening corporate governance in ways that both emphasize the defensive approach we've taken in the past and an aggressive approach to a variety of management issues. We're working diligently to reform our management structures. I'd like to discuss those topics later. But first, tell me about your impression of the company before becoming an external director, and your impression after assuming that role.

Takagi: I thought JR-West had a steady, conservative culture before becoming an external director four years ago, but since taking on that role, I've found that there are many people who are pursuing dynamic reforms. My impression has changed; I see the company as having diverse human resources and a

balanced approach to management.

Hazama: Before becoming an external director, my image of JR-West was that of a steady and technologically capable company, for example as a Shinkansen train operator. I became an external director two years ago, during the pandemic. I found JR-West to be a company that did not fear change, with employees having a healthy sense of crisis expressing the need for change. I think two issues facing the company are how to match existing businesses with the current needs of society, and how to take on the challenge of new business domains. My image of the railway industry—not just JR-West—was that of a male-dominated sector, but I was encouraged to see many women at work at railway sites and group companies. About half of the world's population are women. In JR-West Group businesses like travel, shopping centers, department stores, and condominiums, in many cases it is women who make the purchasing decisions. I hope to see JR-West become a corporate group where diverse

individuals can make an even greater contribution in the future, regardless of gender or age.

Kurasaka: Concerning ongoing changes in the business environment, how do you see the significance of the Group's existence and the value it should provide?

Takagi: The Group's core railway business is like a public service. That means it's expected to play a different role than other private-sector companies. The significance of the Group's existence lies primarily in fulfilling those expectations. Since supporting local communities is also the job of local public organizations and the national government, it's essential to realize collaboration between government and the private sector.

Hazama: The future towards which the Group aspires is a safe, comfortable society, and this "safety-first" approach should never change. In order to support the foundations of a safe, comfortable society, it's necessary to work closely with local governments, the national government, and other companies. I believe that JR-West can play a central role in that collaboration. Although advances in IT have created a sense of crisis with regard to reductions in mobility, for example commuting, I believe that people as social beings seek social interaction. When people make connections and build trust, they create culture and a safe, secure society. I expect to see the Group embrace challenges from a new perspective as it asks how railway and other group businesses can make a contribution.

Kurasaka: Realizing a "safe, comfortable society filled with meetings among people and smiles" remains a statement of the Group's values and the significance of its existence, despite the pandemic. Technology and the environment are continually changing, but I believe in the fundamental human desire to meet and communicate with others, and we'd like to continue to provide the goods and services that customers desire.

Some things become apparent when you visit sites in the field

Kurasaka: As a prerequisite for deliberation and discussion at the Board of Directors, we have directors actively tour railway sites and exchange views with employees, including at group companies, so that they can better ascertain the actual state of the Group's management. Have you learned anything interesting from those encounters?

Takagi: I realized that it's been no easy thing to navigate the hardships imposed by the pandemic. JR-West is a large organization, but I think it's important for management to continue to pay attention to feedback from employees in the field.



Hazama: Tours of sites and facilities provided valuable opportunities to listen to unfiltered feedback from personnel in the field. Even in the midst of a difficult situation due to the pandemic in which JR-West experienced fewer customers, I saw employees at various workplaces facing their responsibilities earnestly without losing motivation to do their jobs and fulfill their roles. This stance is invaluable for the company. I hope to see the company take advantage of a diverse range of human resources as it embraces the challenges of new businesses.

Monitoring operations while offering support for increasing corporate value

Kurasaka: As I mentioned earlier, the pandemic has prompted an unprecedented management crisis even as we work to adapt to changes in the business environment. The Board of Directors has conducted far-reaching discussions about how to overcome this crisis, addressing topics including safety, financial strategies and management directions based on current business conditions, and organizational structural reforms, including the transition to a company with an Audit and Supervisory Committee. How do you evaluate the administration and operational initiatives of the Board of Directors in this process?

Takagi: It is my understanding that the need for structural reform has been an issue since before the pandemic and has been intensified by it. I feel that our executive team has taken all the necessary steps without allowing the pace of reform to slacken, and they've done a great job. I'm truly impressed that such tough reforms could be successfully undertaken.

Hazama: The Board of Directors sets matters for consultation regarding policies and issues that are important from a management perspective. I feel this has made problem areas clear and that discussions have been sufficient. In addition to reducing fixed costs to the extent that safety can be ensured amid this crisis, we need to take on new challenges. I want to conduct a careful examination—while offering support—of

how we can realize our ultimate goal of increasing corporate value by asking how the railway business should be positioned and operated, and how we can create new appeal for the JR-West Group, bearing in mind the need to foster the global development and further diversification of the company's businesses.

Kurasaka: Having transitioned to a company with an Audit and Supervisory Committee, we will need to move forward with discussions of medium- and long-term management issues, for example sustainability initiatives, which have been growing in importance in recent years, along with structural reforms in our businesses and the nature of our portfolio, while accelerating decision-making. In addition, we need to enhance the monitoring function of the Board of Directors.

I'd like to hear your views on the Board of Directors, including administration and operational support structures designed to foster more dynamic discussions in the future.

Takagi: The Board of Directors made clear its transition to a monitoring approach, but discussions about governance are generally difficult to understand, and different participants see the subject differently. Against this backdrop, the U.S. approach of monitoring performance alone and changing management accordingly is not in fact a great fit with railway companies in Japan, which operate on a particularly long-term perspective. So I've been thinking about how monitoring can be accomplished.

Hazama: I think the transition to a company with an Audit and Supervisory Committee is rational from the standpoint of realizing speedy decision-making and strengthening governance in light of current business conditions. I'm a member of the Audit and Supervisory Committee, and the No. 1 issue for us is the question of whether we can discuss a variety of management issues and carry out evaluation and monitoring responsibilities sufficiently to facilitate the next spurt of growth. To that end, I'd like to see the executive team share information even more actively. I'd also like to pay attention to whether the Board of Directors is able to conduct discussions



from the respective perspectives of its diverse body of members. Going forward, I also expect to see a more involved effort to identify the management indicators (KPIs) that will serve as the basis for evaluation.

Takagi: It's necessary to check whether KPIs are rational for the organization. Focusing on and paying attention to results alone can invite harmful effects. For some projects, we won't see results right away though the processes are important, so I think we need to think about how to balance results and processes.

Kurasaka: I believe that the key to monitoring is to identify goals that align with the significance of our existence, along with results and issues associated with those goals, and then to have external directors evaluate our efforts from an outside perspective to ensure the company is not moving in the wrong direction. Although it's important to achieve our financial indicators for each fiscal year, we have many businesses that take time to get results. An important issue is that we need to carefully examine how to evaluate such businesses, including their processes.

Providing support for embracing new challenges through deeper discussions on proactive risk management and on utilizing diverse human resources

Kurasaka: Corporate governance has both aggressive and defensive aspects. What do you keep in mind as you participate in Board of Directors meetings and internal committee meetings as external directors based on your career background, experience, and areas of expertise?

Takagi: I'm expected to contribute through my experience and knowledge as a lawyer in the broad sense of the term, and my profession is fundamentally a defensive one. Since we're undertaking reforms due to the future need for a more aggressive approach, I intend to participate in discussions primarily in risk management.



Hazama: I'm participating as an external member of the Risk Management Committee. Risk management also has defensive and aggressive components, and the aggressive side is important when taking on new businesses. The idea is not to interrupt a business or shrink it just because there are risks. Rather, I'd like people to take on the challenge of adopting a more constructive approach to risk management that liberates us from those risks. JR-West is a company that offers customers safe, comfortable lifestyles and fun. I've worked consistently to figure out how to deliver such comfort, including when I occupied different positions in the past. I hope to put that experience to good use.

Kurasaka: Mr. Takagi is also a member of the Personnel and Remuneration Advisory Committee. In addition to developing frameworks that address human resources and remuneration policies and standards and monitoring their implementation, the committee discusses a broad range of related topics, including promotions and development policies. These have a major impact on corporate governance. What do you think?

Takagi: It's currently difficult for outsiders to understand the logic that lies behind our human resource system. The systems used by local government offices and large corporations are similar. Generally, until now, they were described as mechanisms by which employees assigned to various departments were evaluated in the context of employees' interpersonal relationships inside the company over a long period of time, leading to their promotions. As the environment changes significantly going forward, reforms will be necessary, including from the standpoint of ensuring gender equality for women. We'll also need to promote outside human resources and choose employees for positions regardless of age.

Kurasaka: Numerous human resource issues emerge when we think about management in the future. For example, how should we develop human resource strategies that will allow us to boldly take on the challenge of realizing our management strategy? How should we secure a new generation of human

resources to run the company? Ms. Hazama described the railway industry as "male-dominated" earlier, and in fact there was a long period of time in Japan during which women were not allowed to work in the field due to legal constraints. Today, women's contributions are growing, although it remains important to continue to undertake initiatives to place women in core management positions and jobs where they can participate in decision-making. If we fail to do so, we'll see a gap emerge between the services we provide and the services sought by customers.

Hazama: Has the human resource development system been defined clearly?

Kurasaka: In addition to offering education for specific fields of expertise and job levels according to the position and type of work for which employees were hired, we offer support for career development. In addition to disclosing information about current human capital conditions and future prospects to audiences both inside and outside the company, I'd like to deepen mutual understanding and have employees themselves play a useful role in their own career development. In the future, we'd like to see the Personnel and Remuneration Advisory Committee and the Board of Directors more adequately discuss human resources strategies based on our management strategy.

Hazama: I'd like to see employees continue to do good work in a way that suits their own personalities and abilities. Although it's ideal when employees are doing something they enjoy for their job, it's possible to create a sense of motivation even when they aren't. People spend the best years of their lives at work. Don't waste them. I'd like to see them do things that they're uniquely able to accomplish in the place they find themselves now, and to accumulate results so that they can move up one step at a time. I think if people do that, they'll find that the surrounding scenery will change.

Kurasaka: I agree. There's more to talk about, but thank you for sharing your valuable thoughts and ideas with us today.



Risk Management

JR-West Group's approach to risk management

Even as the social environment undergoes significant change, the JR-West Group continues to ensure that it lives up to society's trust. Towards that end, we maintain a Risk Management Committee, which is chaired by the president and includes executive directors and other officers, to identify risks and critical matters that could have a major impact on Group operation, as well as to inspect and evaluate the Group's risk management mechanisms and systems.

Additionally, each group company works to identify and mitigate risks that could significantly impact that company's operations, with the active involvement of management.

Initiatives are formulated in line with the ISO 31000 international standard for risk management as we work to develop a system for proper risk management that encompasses all of the Group's business activities.



Head of operations;
Vice President, Representative Director,
and Executive Officer
Shoji Kurasaka

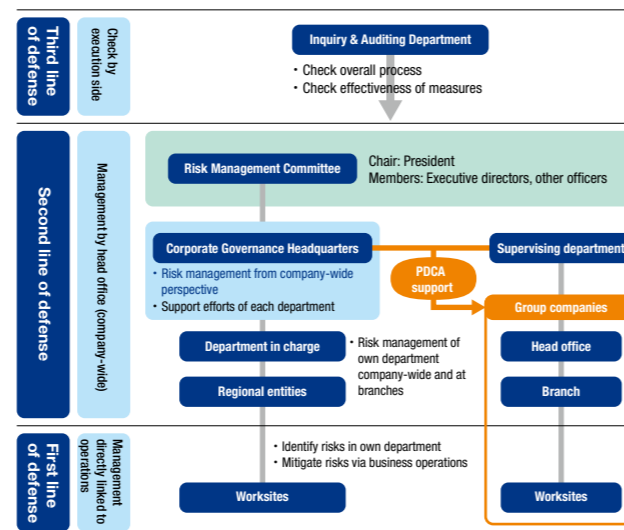
Risk management system

At JR-West, we have a risk management system in place within our PDCA cycle, which utilizes the three lines of defense.

The first and most basic line of defense is the autonomous risk management performed at each operational/service worksite.

The second line of defense is the staff departments, which oversee the operational/service worksites and who are responsible for pursuing risk management via on-site guidance, support, and other means.

The third line of defense is the internal auditing department, which performs independent and objective reviews of overall processes and confirms the effectiveness of measures.



First-response training for a large-scale disaster



Compliance initiatives

See page 56.

Crisis management

- In order to ensure a swift and appropriate first response in the face of a diverse array of possible crisis situations, such as natural disasters, infectious diseases, or terrorism, we have developed systematized rules and manuals, established an emergency information communication system, conduct regular drills, and undertake various other measures.
- We have created a business continuity plan (BCP), which ensures that we can flexibly adapt our business execution structure to the level of crisis faced.



Information Security

JR-West Group's approach to information security

In order to protect the JR-West Group's information assets from various threats, we have established and adhere to the JR-West Group Information Security Policy. We declare that we will leverage information-sharing and cooperation among group companies to facilitate the implementation of ongoing, group-wide information security measures.

In recent years, the Japanese government has called for stronger cybersecurity as part of its national policy. As an entity responsible for key infrastructure, we treat information security as a business priority, looking for ways to address the increasing vulnerabilities that accompany the expansion in telework and digital transformation, the increasing sophistication of cyberattacks, and the increasing number of threats.



Head of operations;
Director and Executive Officer;
Senior General Manager of
Digital Solutions Headquarters
Hideo Okuda

Information security systems

At JR-West, we have established an Information Security Committee, which shares organization-wide risks with management, deliberates on the direction security measures should take, and fosters shared awareness with management at group companies for the sake of achieving these measures.

We have also established the JR-West Group CSIRT*, which exists as a cross-functional organization within the Group, to focus on preventing security incidents from occurring and, if they do occur, keeping them contained.

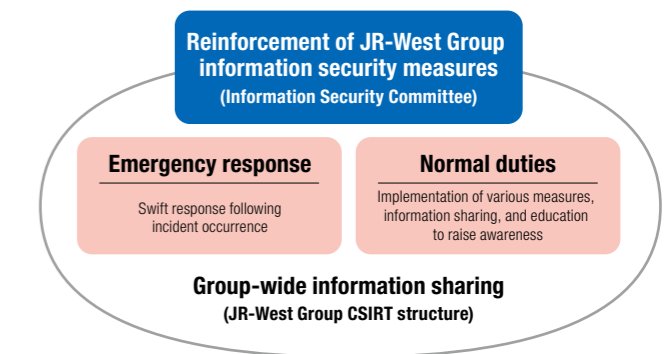
*CSIRT: Computer Security Incident Response Team. An organization responsible for handling computer security-related incidents.

Improving crisis response capacity

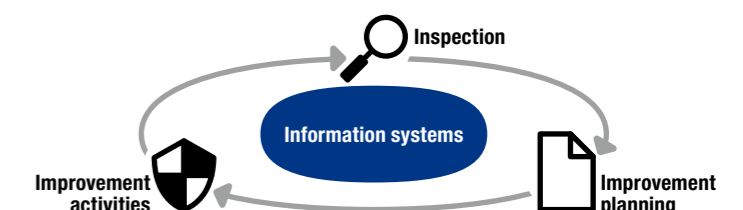
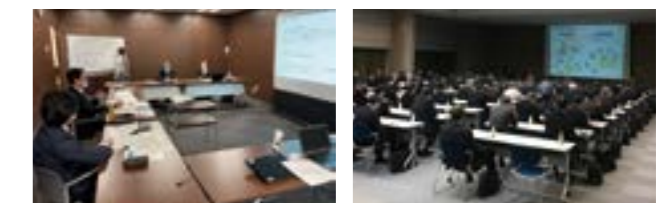
- As part of regular education, we hold information security education for all employees and training sessions for senior management. Participants who complete prescribed training are certified as information security leaders, which is an independent, in-house qualification.
- As part of emergency-response education, we hold incident-response training for CSIRT members and targeted email attack training for employees, including those at group companies.

Establishing the PDCA cycle

We maintain guidelines for specific security standards that must be followed, and we update them in response to technological trends and past incidents. Based on these, we conduct self-inspections of the IT environment at JR-West and group companies each year to strengthen security measures on an ongoing basis.



- We foster deeper cooperation with governmental bodies through temporary placement of personnel within the IPA (Information Technology Promotion Agency) Industrial Cyber Security Center of Excellence and participation in collaborative, critical infrastructure-focused training with the NISC (National Center of Incident Readiness and Strategy for Cybersecurity).





Sustainability Initiatives

Basic approach to sustainability

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 to contribute to carbon neutrality, while helping to resolve social issues through a cycle in which the region's abundant nature and culture, as well as city 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." We believe that these efforts will lead to the creation of a sustainable society.

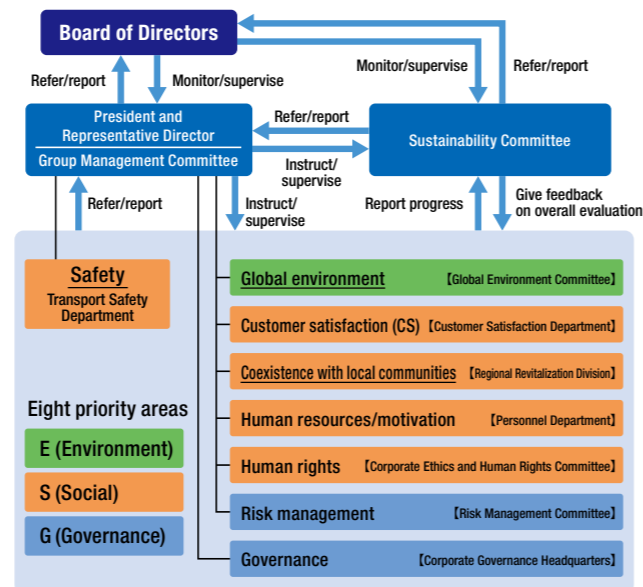
We will also contribute to realizing the SDGs by achieving a western Japan where everyone, including future generations, can continue to enjoy energetic, active lifestyles.

Sustainability promotion system

The Sustainability Committee convenes to verify progress and discuss issues among the relevant officers.

The Sustainability Committee conducts comprehensive, wide-ranging evaluations from perspectives including external assessments, the opinions of our employees, and the degree of target achievement (including KPIs) and provides necessary feedback to the committees in each area. The PDCA cycle is promoted in the eight CSR priority areas by each of the responsible departments. In addition, the status of initiatives in each area is discussed by and reported to the Board of Directors.

Note that safety is the most critical issue that forms the basis of our business, so we place it in a separate, special category.



Notes:
1. Entities in square brackets are the bodies promoting the initiatives.
2. Underlined are the three priority areas related to the SDGs.

Third-party ESG evaluations

We have been selected as a constituent stock of the following ESG indices.



Fiscal 2022 performance in priority sustainability areas

Area	Target status and goals (KPIs) to achieve by FY2023	FY2022 achievements	
Safety	Five indices in the JR-West Group Railway Safety Think-and-Act Plan 2022 Objectives over the 5 years through FY2023 (1) Train accidents that result in casualties among customers: Zero (2) Train labor accidents that result in fatalities among employees: Zero FY2023 objectives (3) Train accidents involving people that result in casualties among customers: Further 10% reduction (4) Accidents at level crossings: Further 10% reduction (5) Transportation disruptions due to internal factors: Further 10% reduction	(1) 0 [0 cumulative incidents] (2) 0 [0 cumulative incident] (3) 9 (4) 22 (5) 126	
		(1) 0 [0 cumulative incidents] (2) 0 [1 cumulative incident] (3) 4 (4) 17 (5) 142	
CS	80% or more customers have a favorable impression of JR-West and become JR-West fans	Comprehensive score of 4.0 or higher on customer satisfaction survey 3.82	
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) (3) The achievement of safe and sustainable railways and transport services	<ul style="list-style-type: none"> Community revitalization that reflects the needs of the community and societal changes (e.g., trial "rural living" project, COVID-safe restart of Twilight Express Mizukaze service) Creation of local business (e.g., launch of new EC site) Realization of sustainable local transportation systems (e.g., regional MaaS) 	
Human resources, motivation	Promote our Vision for Human Resources Cultivation (1) Employees with the initiative to think and act (2) Workplace that demonstrates synergy and compassion (3) Business group with diversity as an advantage	7.5 or higher for each indicator in employee awareness surveys (1) 6.40 (2) 6.60 (3) 6.17	
	Mental and physical health (health management) (1) Ratio of employees experiencing high stress (2) Ratio of lively workplaces (3) Ratio of employees who were found to have problems on regular health checks (4) Daily lifestyle improvement activities a. smokers, b. heavy drinkers, c. regular exercisers, d. response rate to physician referrals, e. comprehensive health exam recipients, f. specific health guidance recipients	(1) Below 4% (2) 80% or higher (3) Below 40% (4) a. Below 20%, b. Below 10%, c. 30% or higher, d. 80% or higher, e. 70% or higher, f. 80% or higher	(1) 5.0% (2) 77% (3) 47.3% (4) a. 22.8%, b. 11.2%, c. 25.0%, d. 59.7%, e. 46.8%, f. 72.2%
	Promotion of diversity (to FY2022) (1) Ratio of female hires (2) Ratio of female employees who are new graduates hired as transportation professionals (3) Number of female managers and supervisors (4) Establish a work environment conducive to career continuity and growth for diverse employees (5) Male employees' paternity leave utilization rate	(1) 25% or more (2) 40% or more (3) 1.5 times or more than as of the end of FY2019 (4) — (5) 15% or more	(1) 28.5% (2) 47.4% (3) 1.49 times (4) Held more training/education online (5) 37.8%
Corporate ethics, human rights	Zero cases of serious compliance violations, such as organizational corruption, etc.	— Zero cases of serious organizational corruption	
	Formulation of a human rights policy, which is then communicated to every employee so that there is widespread awareness Employees cognizant of human rights within their individual work tasks, while acting with respect for human rights	Awareness of the human rights policy according to employee awareness surveys: 80% or more (from FY2022) (1) 100% employee participation in human rights education and training (2) 100% implementation of human rights due diligence (human rights risk management) at worksites	Awareness of the human rights policy according to employee awareness surveys: 79% (1) Participation rate: 99% (2) Implementation rate: 98%
Global environment	(1) Energy consumption rate (2) Energy-saving railcars as a percentage of total rolling stock (3) Station and train garbage recycling rate (4) Railway material recycling rate (facility construction) (5) Railway material recycling rate (rolling stock) (6) Environmentally friendly stations and office facilities	(1) vs. FY2014: -3% (2) 88% (3) 96% (4) 97% (5) 92%	(1) -4.7% (2) 90.1% (3) 99.4% (4) 97.4% (5) 95.8%
Risk management	<ul style="list-style-type: none"> Implementing drills for various risks, including earthquakes, and reviewing and revising systems, rules, etc. as necessary Zero serious accidents or cases of damage related to information security 	<ul style="list-style-type: none"> Created railway-related BCP; held disaster response training Zero information security-related serious incidents or damage 	
Governance	The JR-West Group maintains itself, continues to exist, and is growing as a listed corporate group thanks to sound management and business operations. (1) Actions such as institutional management and information disclosure are performed in accordance with laws and regulations, listing rules (the corporate governance code), and other rules on business activities (2) Long-term, stable relationships and dialogue with shareholders (3) Corporate governance is improving throughout the Group (efficient and effective deployment of oversight activities, etc.)	<ul style="list-style-type: none"> Legal and appropriate institutional management, information disclosure, etc. Dialogue was conducted with institutional investors and others as appropriate No serious deficiencies were identified through investigations and letters of confirmation of execution of duties 	

Non-Financial Data (Environmental)

Total CO₂ Emissions (Scope 1/2/3, JR-West Group)










(Unit: Tons-CO₂)













Item	Target and calculation method	FY2020			FY2021			FY2022		
		Non-consolidated	Group companies	Total	Non-consolidated	Group companies	Total	Non-consolidated	Group companies	Total
(Restated) Scope 1+2+3	–	3,467,240	3,000,726	6,467,966	3,100,472	2,360,309	5,460,781	2,895,548	2,482,504	5,378,053
(Restated) Scope 1+2	–	1,518,404	249,409	1,767,813	1,392,423	191,793	1,584,216	1,315,545	213,759	1,529,304
Scope 1	Total CO ₂ directly emitted by the JR-West Group from combustion of fuels, such as diesel oil for diesel train operation, and kerosene and heavy oil for operational purposes (includes the CO ₂ equivalent mass for leaked fluorocarbons)	85,910	76,454	162,364	85,884	53,368	139,252	77,332	69,206	146,539
Scope 2	Total CO ₂ emitted indirectly by the JR-West Group from the use of power and heat purchased from power companies and others	1,432,494	172,955	1,605,449	1,306,539	138,425	1,444,964	1,238,212	144,552	1,382,765
Scope 3	Total CO ₂ emitted from other companies in relation to the JR-West Group's business activities (indirect emissions other than Scope 1 and Scope 2)	1,948,836	2,751,317	4,700,153	1,708,050	2,168,516	3,876,566	1,580,004	2,268,746	3,848,749
Cat.1 Purchased goods and services	Calculated by multiplying the annual amount (monetary value) of products procured from outside the JR-West Group by the relevant emission factor	1,177,429	2,277,905	3,455,334	978,054	1,799,870	2,777,924	910,745	1,861,783	2,772,528
Cat.2 Capital goods	Calculated by multiplying the annual amount of capital investment by the relevant emission factor	532,124	238,985	771,109	505,548	152,830	658,378	451,188	197,411	648,599
Cat.3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	Calculated by multiplying the annual amount of each type of energy consumed by the relevant emission factor	224,386	65,699	290,085	215,943	47,270	263,213	207,748	51,205	258,954
Cat.4 Upstream transportation and distribution	Excluded from calculation (because of the nature of the JR-West Group's business, the impact from this has been determined to be negligible)	–	–	–	–	–	–	–	–	–
Cat.5 Waste generated in operations	Calculated by multiplying the annual amount of waste (by type and by treatment method) by the relevant emission factor	5,815	34,260	40,075	2,131	36,872	39,003	3,939	23,362	27,302
Cat.6 Business travel	Calculated by multiplying the number of employees by the relevant emission factor and then adding in the distance of business trips	3,186	3,332	6,518	608	653	1,261	925	1,045	1,970
Cat.7 Employee commuting	Calculated by multiplying the number of employees/number of working days by the relevant emission factor	5,896	6,130	12,026	5,766	6,167	11,933	5,458	6,157	11,615
Cat.8 Upstream leased assets	Excluded from calculation (because this is accounted for in Scope 1 and/or Scope 2)	–	–	–	–	–	–	–	–	–
Cat.9 Downstream transportation and distribution		–	–	–	–	–	–	–	–	–
Cat.10 Processing of sold products	Excluded from calculation (because of the nature of the JR-West Group's business, the impact from this has been determined to be negligible)	–	–	–	–	–	–	–	–	–
Cat.11 Use of sold products		–	–	–	–	–	–	–	–	–
Cat.12 End-of-life treatment of sold products		–	–	–	–	–	–	–	–	–
Cat.13 Downstream leased assets	For rental properties, this is calculated by multiplying the total floor area of the rental property by the relevant emission factor For hired cars and other leased assets that are not buildings, this is calculated by multiplying the number of leased assets by the relevant emission factor	0	125,007	125,007	0	124,853	124,853	0	127,781	127,781
Cat.14 Franchises	Excluded from calculation (because franchise business is not part of the JR-West Group's business)	–	–	–	–	–	–	–	–	–
Cat.15 Investments	Excluded from calculation (because the JR-West Group does not hold any investment management shares)	–	–	–	–	–	–	–	–	–

Notes

- The scope of calculation for group companies encompasses all consolidated subsidiaries and the five main group companies (Amagasaki Hotel Development Limited, Kosei Corporation, Osaka Energy Service Co., Ltd., Possible Medical Science, Ltd., JR West Iwll Co., Ltd.)
- Scope- and category-specific calculation of CO₂ emissions is carried out in line with the *Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain ver. 2.4* published by the Ministry of Economy, Trade and Industry and the Ministry of the Environment.
- Emission factors were taken from the Ministry of the Environment's *Database of Emission Unit Values ver. 3.2* and the *IDEA LCI Database ver. 2.3* (Sustainable Management Promotion Organization).

Fiscal 2022 Environmental Impact of Business Activities (Consolidated)

INPUT		Figures in [] are the non-consolidated amount of the consolidated figures	
 Electricity	3.2 billion kWh [2.86 billion kWh]	 Class A heavy oil	1,510 kl [710 kl]
 Kerosene	2,201 kl [2,095 kl]	 Utility gas	13.4 million m ³ [1.86 million m ³]
 Gasoline	5,944 kl [867 kl]	 Water (public water supply)	5.87 million m ³ [3.17 million m ³]
 Propane gas	354 tons [333 tons]	 Water (groundwater, industrial-use water)	1.31 million m ³ [1.01 million m ³]
 Diesel oil	34,769 kl [23,517 kl]		

OUTPUT			
 [Non-consolidated] Used materials (facility construction)	224.1 thousand tons	 [Non-consolidated] Station and onboard garbage	7.5 thousand tons
 Recycled volume (rate)	218.3 thousand tons (97.4%)	 Of which is recyclable	2.7 thousand tons
 [Non-consolidated] Used materials (rolling stock)	11.2 thousand tons	 Recycled volume (rate)	2.6 thousand tons (99.4%)
 Recycled volume (rate)	10.7 thousand tons (95.8%)	 Wastewater	7.03 million m ³ [3.83 million m ³]
 Industrial waste* ¹	259.0 thousand tons [8.4 thousand tons]	 Carbon dioxide Scope 1+2	1,529 thousand tons-CO ₂ [1,316 thousand tons-CO ₂]
 Industrial waste, of which is plastic industrial waste* ^{1*2}	17.0 thousand tons [3.7 thousand tons]	 Amount of products provided that use specified plastics* ³	30.7 tons [0 tons]

*1 Group company output includes waste generated from construction work ordered by JR-West.

*2 The weight of mixed waste containing waste plastic and other waste that cannot be sorted into other types of waste is included in the total for plastic industrial waste.

*3 The amount of products provided that use specified plastics is calculated from the total amount of target products provided in target industries under the Plastic Resource Circulation Act.

11-Year Financial Summary (FY2012–FY2022)

Years ended March 31

Unit: Billion yen

	2012	2013	2014	2015	2016	2017	2018 ⁹	2019	2020	2021	2022 ¹¹
Consolidated balance sheets											
Total assets	2,642.9	2,613.7	2,687.8	2,786.4	2,843.1	3,007.8	3,071.8	3,237.5	3,275.2	3,479.4	3,702.4
Total liabilities	1,909.4	1,845.5	1,880.5	1,939.7	1,916.8	1,975.2	1,955.5	2,057.7	2,052.1	2,523.4	2,628.2
Net assets	733.5	768.1	807.3	846.7	926.3	1,032.6	1,116.3	1,179.8	1,223.1	956.0	1,074.2
Consolidated statements of income											
Operating revenue (revenue from third parties)	1,287.6	1,298.9	1,331.0	1,350.3	1,451.3	1,441.4	1,500.4	1,529.3	1,508.2	898.1	1,031.1
Transportation	839.0	844.9	851.3	868.4	928.7	929.1	950.8	953.9	933.4	476.8	544.1
Retail	233.5	234.6	240.1	220.1	232.0	233.9	239.8	245.5	226.0	142.2	124.2
Real estate	93.5	90.9	102.2	87.2	108.8	109.5	139.6	148.5	165.1	145.7	151.1
Other businesses	121.4	128.4	137.1	174.4	181.5	168.8	170.0	181.3	183.6	133.3	211.5
Operating income	109.7	129.4	134.5	139.7	181.5	176.3	191.3	196.9	160.6	(245.5)	(119.0)
Transportation	76.7	90.1	91.0	100.6	125.1	121.7	130.3	136.2	105.3	(252.1)	(144.3)
Retail	(2.9)	(0.4)	4.4	1.5	5.3	5.2	7.2	6.1	3.8	(15.0)	(8.6)
Real estate	25.9	28.0	27.7	25.1	32.7	32.2	35.7	35.6	34.9	29.2	30.0
Other businesses	10.3	12.3	11.8	15.6	22.4	20.4	19.9	21.2	19.7	(5.1)	2.9
Recurring profit	82.4	104.6	112.9	121.9	162.2	160.7	177.7	183.3	148.3	(257.3)	(121.0)
Profit attributable to owners of parent	29.4	60.1	65.6	66.7	85.8	91.2	110.4	102.7	89.3	(233.2)	(113.1)
Consolidated statements of cash flows											
Cash flows from operating activities	206.2	238.0	237.7	223.6	259.8	234.1	275.1	289.7	240.1	(103.2)	(86.4)
Cash flows from investing activities	(199.1)	(154.7)	(165.3)	(212.9)	(233.2)	(295.8)	(166.3)	(247.4)	(268.6)	(211.6)	(188.7)
Cash flows from financing activities	(36.8)	(85.2)	(47.8)	1.6	(31.3)	44.3	(71.4)	(7.1)	(29.1)	446.7	384.6
Key management indicators (consolidated)											
Return on total assets (ROA) (%) ¹	4.1	4.9	5.1	5.1	6.4	6.0	6.3	6.2	4.9	(7.3)	(3.3)
Return on equity (ROE) (%) ²	4.2	8.3	8.6	8.4	10.2	10.0	11.3	9.8	8.1	(23.7)	(12.4)
Equity ratio (%)	26.6	28.5	29.2	28.8	30.9	31.3	33.2	33.3	34.1	24.5	26.2
Debt-equity ratio (times) ³	1.5	1.3	1.3	1.3	1.1	1.1	1.0	1.0	0.9	1.8	1.8
EBITDA (¥ billion) ⁴	279.1	290.3	288.5	289.3	338.1	339.1	356.1	361.3	332.2	(70.8)	42.9
Earnings (net income) per share (EPS) (¥)	152.29	310.87	338.98	344.58	443.53	471.52	570.72	533.31	466.88	(1,219.71)	(516.06)
Book-value (net assets) per share (BPS) (¥) ⁵	3,632.41	3,850.82	4,048.31	4,138.65	4,534.29	4,857.50	5,273.42	5,612.63	5,847.27	4,460.73	3,973.15
Dividend per share (¥)	90	110	115	125	135	140	160	175	182.5	100	100
Payout ratio (%)	59.1	35.4	33.9	36.3	30.4	29.7	28.0	32.8	39.1	—	—
Total return ratio (%) ⁶	—	—	—	—	—	—	—	42.5	50.3	—	—
Dividend on equity (DOE) (%) ⁷	2.5	2.9	2.9	3.1	3.1	3.0	3.2	3.2	3.2	1.9	2.4
Rate of total distribution on net assets (%) ⁸	—	—	2.9	3.1	3.1	3.0	3.2	4.2	4.1	1.9	2.7
Other items											
Depreciation and amortization (consolidated)	169.3	160.8	153.9	149.5	156.6	162.7	163.5	163.1	170.4	173.4	160.8
Capital expenditures (consolidated)	195.4	152.9	166.7	225.6	233.1	192.4	169.4	245.3	254.5	216.6	213.1
Capital expenditures (non-consolidated)	150.8	124.8	144.5	186.4	198.7	159.8	127.8	190.9	176.2	167.4	149.4
(Restated) Safety-related investment	97.7	72.7	89.3	90.2	126.0	105.0	83.2	125.2	116.1	105.1	83.0
Long-term debt and payables (consolidated)	1,068.8	983.0	980.7	1,004.2	1,001.8	1,037.9	1,032.2	1,064.0	1,018.9	1,559.5	1,724.8
Number of employees at work (consolidated; as of March 31)	45,402	45,326	46,006	47,565	47,456	47,382	47,869	47,842	48,323	47,984	46,779
Number of employees at work (non-consolidated; as of March 31)	26,778	26,889	27,300	26,886	26,555	25,821	25,291	24,866	24,439	23,900	22,715

Unit: Billion yen

	2012	2013 ¹⁰	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total transportation revenue											
Shinkansen	351.5	357.0	364.4	375.9	437.2	434.6	447.7	457.0	441.2	165.5	211.6
Kansai urban area (Kyoto–Osaka–Kobe area)	287.3	288.9	292.1	296.2	302.2	305.0	309.0	308.1	307.5	194.4	210.7
Other lines	119.8	123.0	123.9	124.8	110.5	110.0	111.0	108.2	108.1	59.4	65.3

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]
8 Rate of total distribution on net assets = (total dividends + acquisitions of treasury stock) / [(Equity at the end of the previous fiscal year + Equity at the end of the fiscal year under review) / 2]

9 From the fiscal year ended March 31, 2018, accompanying partial amendments to the 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.
10 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 revenue for the Kansai urban area and other lines in that fiscal year totaled ¥291.4 billion and ¥120.6 billion, respectively.
11 Effective from the fiscal year ended March 31, 2022, JR-West has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020).
Note: For the consolidated statements of income, the record-high values are highlighted in yellow.

Financial Statements

Consolidated Balance Sheets

Unit: Million yen

	Prior consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
Assets		
Current assets		
Cash	210,291	319,843
Notes and accounts receivable-trade	37,347	42,579
Railway fares receivable	25,107	30,906
Accounts receivable	61,177	90,441
Securities	24	79
Inventories	118,899	145,884
Other current assets	79,400	88,902
Less allowance for doubtful accounts	(638)	(588)
Total current assets	531,609	718,048
Non-current assets		
Property, plant, and equipment		
Buildings and structures	1,219,124	1,234,911
Machinery and transport equipment	384,067	385,046
Land	783,246	782,009
Construction in progress	118,904	150,783
Other property, plant, and equipment	62,713	57,029
Total property, plant, and equipment	2,568,055	2,609,781
Intangible assets	34,054	31,268
Investments and other assets		
Investments in securities	103,105	97,520
Net defined benefit asset	2,595	3,134
Deferred tax assets	191,769	197,964
Other investments and assets	51,192	48,499
Less allowance for doubtful accounts	(5,000)	(4,936)
Total investments and other assets	343,662	342,181
Total non-current assets	2,945,773	2,983,232
Deferred assets		
Share issuance cost	—	1,140
Total deferred assets	—	1,140
Total assets	3,477,382	3,702,421

Unit: Million yen

	Prior consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	60,255	57,134
Short-term loans payable	19,474	14,229
Current portion of bonds	25,000	25,000
Current portion of long-term loans payable	36,952	71,572
Current portion of long-term payables for acquisition of railway properties	1,309	1,167
Accounts payable	149,889	105,944
Accrued consumption tax	6,225	8,371
Accrued income tax	18,142	9,535
Inter-line fares received	6,388	3,588
Deposits received	121,055	122,083
Prepaid railway fares received	30,202	30,404
Advances received	53,624	62,336
Allowance for bonuses	23,473	23,480
Allowance for loss on disaster	2,230	1,205
Allowance for point program	714	654
Other current liabilities	36,176	39,188
Total current liabilities	591,116	575,898
Non-current liabilities		
Bonds	814,988	949,990
Long-term loans payable	581,408	578,435
Long-term payables for acquisition of railway properties	99,848	98,681
Deferred tax liabilities	1,846	1,145
Allowance for large scale renovation of Shinkansen infrastructure	20,833	25,000
Allowance for environmental safety measures	6,898	5,880
Allowance for loss on liquidation of railway belts	8,809	16,627
Net defined benefit liability	254,830	238,077
Other long-term liabilities	140,544	138,471
Total non-current liabilities	1,930,009	2,052,311
Total liabilities	2,521,125	2,628,209
Net assets		
Total shareholders' equity		
Common stock	100,000	226,136
Capital surplus	57,454	183,812
Retained earnings	696,843	561,874
Treasury stock, at cost	(482)	(482)
Total shareholders' equity	853,815	971,341
Valuation and translation adjustments		
Net unrealized holding gain on securities	(780)	(1,270)
Deferred gains or losses on hedges	0	—
Remeasurements of defined benefit plans	17	(1,131)
Total valuation and translation adjustments	(762)	(2,402)
Non-controlling interests	103,203	105,272
Total net assets	956,256	1,074,211
Total liabilities and net assets	3,477,382	3,702,421

Financial Statements

Consolidated Statements of Income

Unit: Million yen

	Prior consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Operating revenue	920,046	1,031,103
Operating expenses		
Transportation, other services and cost of sales	998,025	987,857
Selling, general, and administrative expenses	167,528	162,338
Total operating expenses	1,165,554	1,150,195
Operating loss	(245,507)	(119,091)
Non-operating revenue		
Interest income	27	101
Dividend income	908	3,153
Dividends income of insurance	1,593	1,443
Transfer from administrative fee of contracted construction	1,710	1,762
Equity in earnings of affiliates	1,909	1,022
Subsidies for employment adjustment	3,316	10,371
Other	3,595	5,765
Total non-operating revenue	13,062	23,620
Non-operating expenses		
Interest expense	20,455	21,450
Other	4,430	4,126
Total non-operating expenses	24,885	25,576
Recurring loss	(257,330)	(121,047)
Extraordinary profits		
Gain on sale of non-current assets	10,407	33,674
Gain on contributions received for construction	11,841	19,678
Compensation income for expropriation	1,586	1,208
Subsidies for employment adjustment	4,991	135
Other	3,109	4,120
Total extraordinary profits	31,936	58,818
Extraordinary losses		
Loss on deduction of contributions received for construction from acquisition costs of property, plant, and equipment	10,666	18,375
Loss on reduction for expropriation, etc.	398	1,208
Loss related to pandemic	11,879	1,804
Loss on valuation of investments in securities	15,721	4,293
Provision of allowance for loss on liquidation of railway belts	—	8,638
Other	10,642	9,023
Total extraordinary losses	49,309	43,343
Loss before income taxes	(274,702)	(105,573)
Income taxes – Current	9,990	11,378
Income taxes – Deferred	(50,812)	(6,186)
Total income taxes	(40,822)	5,191
Loss	(233,880)	(110,764)
Profit (loss) attributable to non-controlling interests	(714)	2,433
Loss attributable to owners of parent	(233,166)	(113,198)

Consolidated Statements of Comprehensive Income

Unit: Million yen

	Prior consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Loss	(233,880)	(110,764)
Other comprehensive income		
Valuation difference on available-for-sale securities	(362)	(484)
Deferred gains or losses on hedges	(37)	—
Remeasurements of defined benefit plans, net of tax	(6,174)	(975)
Share of other comprehensive income of associates accounted for using equity method	38	(1)
Total other comprehensive income	(6,535)	(1,462)
Comprehensive income	(240,416)	(112,226)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(239,642)	(114,838)
Comprehensive income attributable to non-controlling interests	(773)	2,611

Consolidated Statement of Cash Flows

Unit: Million yen

	Prior consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Loss before income taxes	(274,702)	(105,573)
Depreciation and amortization	173,468	160,868
Loss on deduction of contributions received for construction from acquisition costs of property, plant, and equipment	10,666	18,375
Loss on disposal of property, plant, and equipment	5,982	5,984
Gain (loss) on sales of non-current assets	(9,088)	(33,488)
Increase (decrease) in liability for retirement benefits	(23,911)	(18,686)
Increase (decrease) in allowance for doubtful accounts	311	(113)
Increase (decrease) in provision for employees' bonuses	(13,937)	4
Increase in allowance for large-scale renovation of Shinkansen infrastructure	4,166	4,166
Increase (decrease) in other provisions	(5,486)	5,721
Interest and dividend income	(936)	(3,255)
Interest expense	20,455	21,450
Equity in earnings of affiliates	(1,909)	(1,022)
Proceeds from contribution for construction	(11,841)	(19,678)
Decrease (increase) in notes and accounts receivable-trade	11,047	(39,478)
Decrease (increase) in inventories	3,874	(22,680)
Increase (decrease) in notes and accounts payable-trade	30,483	(41,733)
Decrease/increase in consumption taxes receivable/payable	(11,197)	10,194
Other	22,626	8,563
Subtotal	(69,930)	(50,382)
Interest and dividends income received	939	3,254
Interest paid	(20,191)	(21,215)
Income taxes paid	(14,113)	(18,124)
Net cash provided by operating activities	(103,295)	(86,468)
Cash flows from investing activities		
Purchases of property, plant, and equipment	(242,047)	(240,480)
Proceeds from sales of property, plant, and equipment	12,850	34,832
Contributions received for constructions	22,793	26,365
Purchases of investments in securities	(3,020)	(1,829)
Proceeds from sales of investments in securities	812	1,582
Net decrease (increase) in loans receivable	(927)	(3,144)
Other	(2,153)	(6,036)
Net cash used in investing activities	(211,692)	(188,711)
Cash flows from financing activities		
Net increase in short-term loans	(5,448)	(5,104)
Net changes in commercial paper	(60,000)	—
Proceeds from long-term loans	283,600	68,600
Repayments of long-term loans	(36,507)	(36,952)
Proceeds from issuance of bonds	330,000	160,000
Redemption of bonds	(35,000)	(25,000)
Payment of long-term payables for acquisition of railway properties	(1,567)	(1,309)
Proceeds from issuance of common shares	—	250,857
Purchases of treasury stock	—	(0)
Proceeds from sales of treasury shares	0	—
Cash dividends paid	(24,870)	(23,214)
Dividends paid to non-controlling interests	(311)	(305)
Other	(3,144)	(2,885)
Net cash (used in) provided by financing activities	446,749	384,685
Net increase (decrease) in cash and cash equivalents	131,761	109,505
Cash and cash equivalents at the beginning of the period	78,283	210,045
Increase in cash and cash equivalents from newly consolidated subsidiary	—	45
Cash and cash equivalents at end of year	210,045	319,596

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