



**JR-WEST GROUP  
INTEGRATED REPORT  
2023**  
*Our report on value creation*

**JR-West Group Integrated Report 2023**

**West Japan Railway Company**

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*Connect more. Spring into the future.*

Come on a journey of connections and write a new chapter in your own personal story.

Embrace your freedom, discover the unexpected, and enjoy a new level of comfort.

Feel safe and secure wherever you are, doing things your own way.

Explore interactions, make new discoveries, and share a smile along the way.

By enhancing connections and lifestyles, we aim to forge a future that stirs the heart.

# Connect more. Spring into the future.



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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.

### System of information disclosure

#### Applicable period

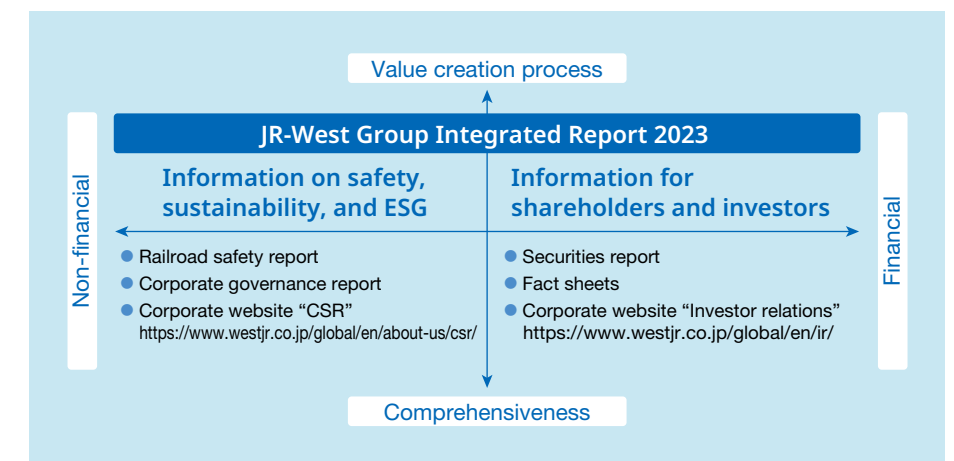
In principle, April 2022 to March 2023

#### Main reference guidelines

- Integrated Reporting Framework (Value Reporting Foundation [VRF])
- Guidance for Collaborative Value Creation 2.0 (Ministry of Economy, Trade and Industry [METI], Japan)

#### Scope

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



#### 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, 2023, and the JR-West Group does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.

## JR-West Group's Purpose

Under the firm determination to ensure that we will never again allow an accident such as that on the Fukuchiyama Line to occur, the JR-West Group has provided a sincere response to the victims of the train accident and taken measures to enhance safety. It has also made efforts to contribute to the creation of a safe and comfortable society.

As a company that plays a role in social infrastructure, we will face the future challenges of society, which is undergoing a major transition, and provide the required value through our business activities in order to continue to play this role in the future.

In particular, when we focus on the issues faced by each person's life, community, and society as a whole, the JR-West Group, which has many customer contact points

and regional connections, can play a greater role by evolving connections from the customer's perspective more than ever before. We believe that this is the significance of our existence in the future society.

With this in mind, as the JR-West Group takes a new step forward, we will work with "Our Purpose" as our aim and our compass for the entire Group.

Going forward, we will continue to build on our continuous efforts to improve railway safety, and through co-creation and innovation with various partners, as a company that coexists with communities, the JR-West Group will work together to solve social and regional problems through its business and contribute to the creation of a better future by creating both social and economic value.

### Our Purpose

**Evolve connections among people, communities, and societies.  
Stir the heart, drive the future.**

**We continuously work to enhance safety and security.**

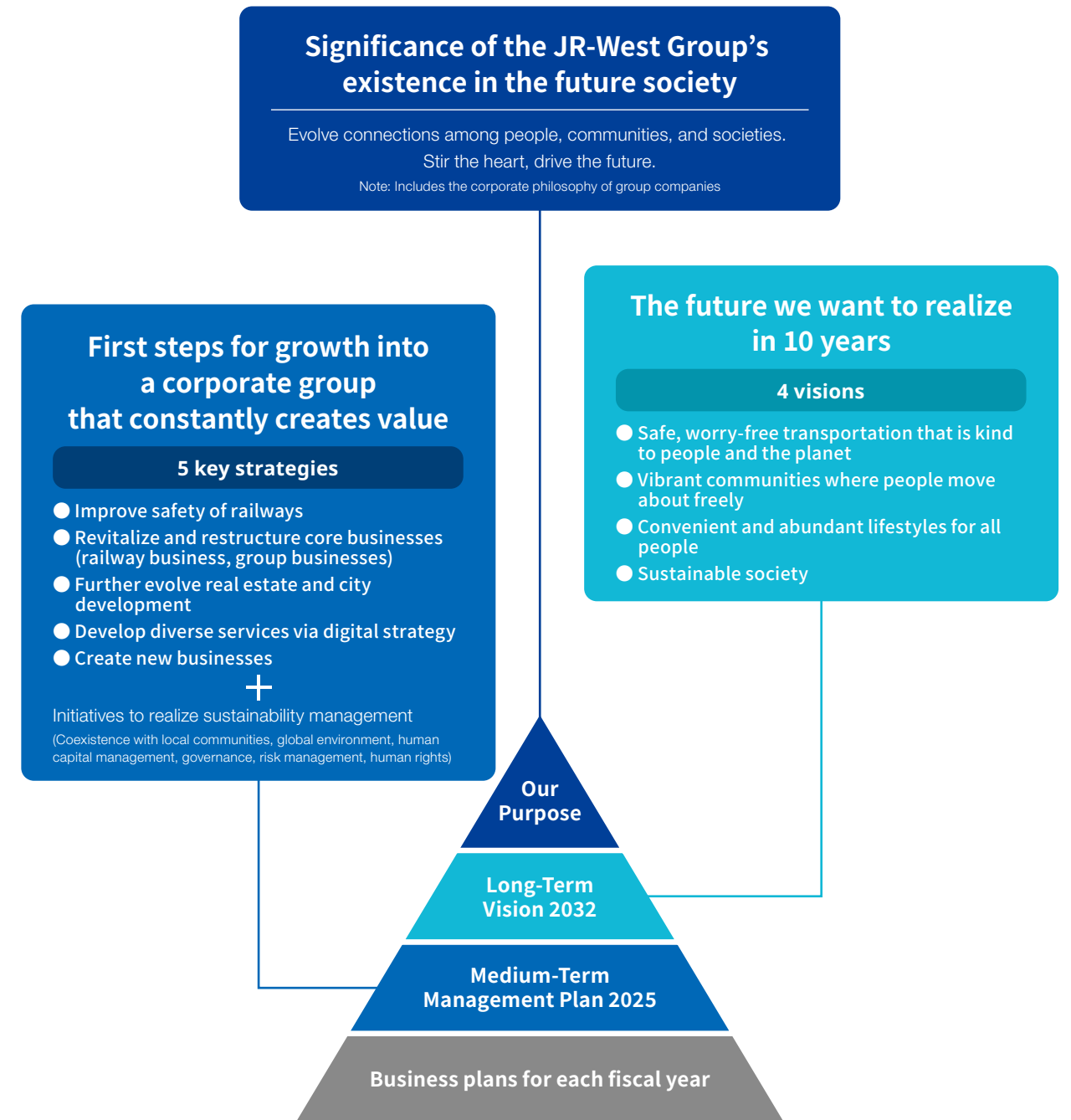
**While connecting people to people, people to communities, and people to society in the real and digital worlds, we strive to solve regional issues, starting in western Japan.**

**With the aim of creating a sustainable and vibrant future, we cooperate with our various partners to realize the lifestyles desired by all people.**

Value provided to stakeholders	Customers	Communities and society	Partners	Shareholders	Coworkers
	Convenient and abundant lifestyles with ideal services that all people can trust and rely upon for safety	A sustainable and vibrant future with attractive city development and solutions for local issues	Co-creation of new value through relationships and trust with various partners	Sustained improvement in corporate value and shareholder value	Workplaces where all employees are motivated and can utilize their skills to the utmost, work environments where employees pull together and create synergies

## JR-West Group's Value Creation System

JR-West aims to evolve into a corporate group that continuously creates value in the future while striving to achieve Our Purpose in light of future society and issues.





## Unchanging Determination

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

It is the responsibility of the JR-West Group to prevent accidents such as the derailment accident on the Fukuchiyama Line from occurring again. It is our unchanging determination. We will continue to engrave the Fukuchiyama Line derailment accident in our hearts for the future. We will fulfill our responsibility as a company entrusted with precious human lives by building a system that ensures safety throughout the organization and a culture that prioritizes safety, and by having each and every member of the JR-West Group continuously working to achieve safety.

## Corporate Philosophy

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.

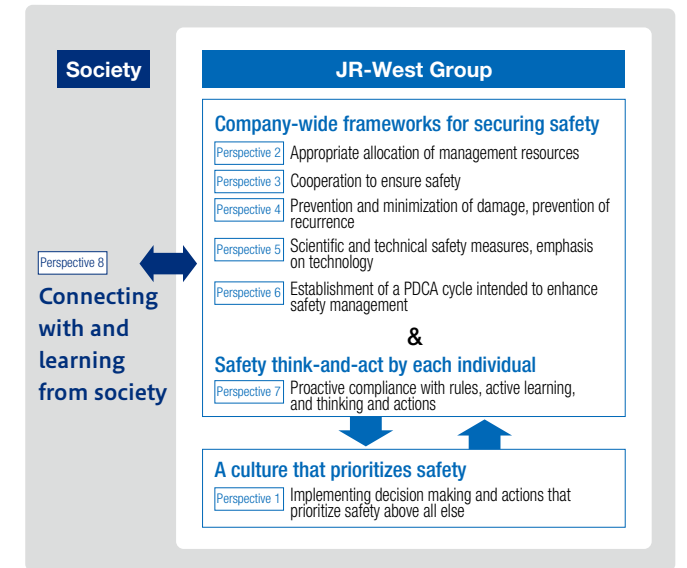
As stipulated in paragraph 1, we continue to pursue safety and make unremitting efforts to build railways that are safe and trusted by customers. We remain aware of our responsibility of being entrusted with customers' invaluable and precious lives, and will build up a track record of safety first.

### 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.

## Essential Perspectives in Achieving Safety

We will pass on the serious reflections and lessons of the derailment accident on the Fukuchiyama Line in the future, and will continue to make sincere and tireless efforts. In March 2021, we compiled essential perspectives in achieving safety as lessons from the Fukuchiyama Line derailment accident. Based on the essential perspectives in achieving safety, which is a compass for building safe railways in the future, we will regularly check the effectiveness of safety practices, the status of adequacy of initiatives, and the direction, and make improvements.



## Safety Charter

We have revised the Safety Charter, a safety action guideline, in conjunction with the establishment of the Corporate Philosophy, so that each employee can take concrete actions based on the value of prioritizing safety in their daily lives. With a strong sense of mission, each employee will practice safety first considerations every day.

### 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.



## Taking on the post-pandemic challenge. Embodying Our Purpose to play an even greater role in society.

Toward the post-pandemic era

### A new post-pandemic era— Now is the time for the JR-West Group to make bold moves into the future

The effects of the long-lasting pandemic have finally subsided, and society has begun to move to a brighter and more positive future. The business environment surrounding the JR-West Group is the same, and personal consumption and the use of railways are also recovering.

This unprecedented situation, which lasted for about three years, brought about major changes in society. I believe it is not just a change, but an evolution that will trigger big moves into the future.

We think the same is true of “movement,” the core of our business. The use of railways is recovering, but if you look closely, you will notice a clear difference from the past. The diversification of work styles, including remote work, has had a great impact on the way we move between home and work. On the other hand, the human instinct to travel has not faded, and the joy and value of face-to-face meetings were reaffirmed. As a result of having more time to think, our values are becoming more and more diverse. With the development of new and attractive communities that create encounters and contacts, we think the need for movement that connects cities will increase.

Such a shift in values affects not only movement, but also extends to various scenes of society and life. The times have shifted to a post-pandemic era. We believe now is the time to make bold moves into the future.

Looking back on fiscal 2023

### Having faced and overcome a challenging business environment, our employees' way of thinking has changed greatly

The Group has been working on the Medium-Term — Management Plan 2022 since fiscal 2019, but in the face of drastic changes in the business environment, we reviewed it in October 2020. In fiscal 2023, the final year of the plan, we achieved a profit on both a consolidated and non-consolidated basis for the first time in three years by stimulating demand that captured the opportunity of the end of the pandemic, and we were able to achieve the full-year performance targets for both.

Looking back on the five years of this management plan, it was a very difficult time for the Group—something it had never experienced before. While the Group's weaknesses have been highlighted by the sudden arrival of about 10 years of change, there are also many things to think positively about, such as embarking on structural reforms and portfolio reviews. In fiscal 2023, we achieved

President and Representative Director  
**Kazuaki Hasegawa**





results that significantly exceeded the full-year target in cost structure reform.

Even in such a harsh business environment, the priority has been to improve safety based on the derailment accident on the Fukuchiyama Line. For us, safety is the most important management issue, and this will never change.

In the face of a harsh business environment, employee awareness is also changing. When we think about the future 10 or 20 years from now, the Group as it is will eventually hit a big barrier. We feel that sense of crisis, and it was an irreplaceable achievement that we were able to share our purpose to take on the post-pandemic challenge.

The thoughts infused in Our Purpose

**What will be the significance of the JR-West Group's existence in the future?  
Summarizing those thoughts as Our Purpose**

In April 2023, we announced Our Purpose, the significance of the Group's existence in the future, along

with the Long-Term Vision 2032 and the Medium-term Management Plan 2025.

In formulating these documents, we first gathered young employees who will be responsible for future management in corporate departments, business departments, and group companies, and had free discussions without restrictions. After that, we had many rounds of discussions at the management level based on the opinions of the younger generation. Although it was a coincidence, it was very meaningful that we were able to formulate Our Purpose, the compass for management, at the beginning of the post-pandemic era.

In the discussions, we were conscious of speaking from a higher perspective of "What role should we play in the future?" and "What kind of presence do we want to have as a corporate group?" Not only management, but also the younger generation tend to get trapped in the traditional framework, but at such times, I told them we should focus on what we want to be in the future and how to connect to reality from there.

In Japanese, we use the Japanese word for "purpose" rather than borrowing the English word. We didn't want anything extravagant; we wanted to make Our Purpose

something to aspire to that everyone in the Group can relate to.

Our Purpose concludes with the words "Stir the heart, drive the future." This "Stir the heart" means not only stirring the hearts of the general public but also the hearts of our employees. You can't stir people's hearts without feeling deeply passionate yourself. From now on, when employees make suggestions, I want to ask, "Does that stir your heart?"

"Drive the future" may be a bit of a catchphrase. However, it is very important for every employee, even if they can only make a small contribution, to have the ambition to drive society in a better direction. That should be the driving force of the Group into the future.

Long-Term Vision 2032

**Challenging ourselves to expand the life design field not dependent on movement—  
Building the optimal business portfolio**

We formulated the Long-Term Vision 2032 to realize Our Purpose and what we want to be in 10 years. We declared our vision focusing on the four social issues "Safe, worry-free transportation that is kind to people and the planet," "Vibrant communities where people move about freely," "Convenient and abundant lifestyles for all people," and "Sustainable society." Under the long-term vision, making the enhancement of railway safety the foundation of our efforts, we challenge ourselves to revitalize railways, expand in the field of life design, and build an optimal business portfolio. The Group's business had been divided into railway and non-railway. However, due to the changes in the business environment caused by the pandemic, a new axis has emerged: fields that are highly dependent on the movement of people, and fields that are related but not necessarily linked to movement. Therefore, we have set up two new fields: mobility service field and life design field.

In addition to real estate and city development, the life design field extends to new areas such as digital strategy and comprehensive infrastructure management.

As a growth investment in the life design field, we plan to invest 440 billion yen in the five years to fiscal 2028. The proportion of the life design field in consolidated operating income was less than 20% in fiscal 2019, before the pandemic. Since investment in these areas will take longer to lead to profits, it is expected that the profit contribution will be limited for some time, but our aim is that they will contribute greatly to growth from fiscal 2026 onwards, and increase to about 35% in fiscal 2028 and 40% in fiscal 2033. It may be quite a challenging target. However, this strategy is based on how the Group should be in 10 years, and we have already begun to challenge ourselves to achieve it.



Medium-Term Management Plan 2025—Taking on post-pandemic challenges

## Creating new demand in the railway business is a big challenge that holds the key to the future of our Group

As a first step towards realizing our Long-Term Vision, we launched the Medium-Term Management Plan 2025 from fiscal 2024. In this management plan, the period is shortened from the previous five years to three years. The aim is to move swiftly and aggressively into the new era, as the title of the plan, "Taking on post-pandemic challenges," implies. It is also based on the fact that major events such as Expo 2025 and the extension of the Hokuriku Shinkansen to Tsuruga will all occur in the period up to fiscal 2026.

Improving railway safety remains the top management priority in the new Medium-Term Management Plan. Based on the newly formulated JR-West Group Railway Safety Think-and-Act Plan 2027, we will implement further safety improvement initiatives.

In the railway business, basic demand is expected to recover to 90% of the pre-pandemic level by the end of

fiscal 2024, and will remain at the same level thereafter. In order to recover the lost 10% and further expand, we will carry out a range of measures such as taking in inbound tourism demand that will recover in earnest, linkage to the digital strategy, and city development centered on stations, and we will work to revitalize mobility services centered on railways. The creation of new demand in railways is also a major challenge for the future of the Group. In addition, coexistence with the community is an important theme that we should continue to work on. In these efforts, we will actively pursue co-creation with partners in various fields.

Driving a digital strategy

## From the strengthening of group capabilities to day-to-day work style reform, driving our digital strategy toward maximizing group synergy

We believe DX (digital transformation) is also an important strategy to maximize group synergy. We are developing WESTER and Mobile ICOCA to connect each customer

with the various services of our Group. In the Medium-Term Management Plan, strengthening group capabilities such as deepening cooperation between companies is also an important strategy. We will advance various initiatives that utilize digital technology, such as group marketing.

DX should bring about reforms in daily work such as efficiency and work styles. We already use tablets at some railway sites, but we plan to lend PCs or smart devices to all employees in fiscal 2024.

In the future, we hope to realize work practices that allow employees to create new value, such as directly analyzing business data and developing apps to improve operations.

Enhancement of human capital

## We drive society into the future—Creating an environment that allows employees to feel this motivation

It goes without saying that people are the most important thing in sustainable initiatives. In order for the Group to evolve, human resources that change and grow on their own will be the most important foundation. Now that the labor shortage due to a declining birthrate and aging population is becoming apparent in Japan, its importance is increasing.

In order to create a rewarding workplace for employees, there are various factors from wages and other benefits to work-life balance. One of the things I think is important is an environment where you can take on your work with pride and a sense of accomplishment. Our work serves society and moves it into the future. I want to further the creation of workplaces where employees can have such a rewarding feeling in their daily work. It is also important to disseminate this attitude of the Group to young people who are responsible for the next generation. In that sense, Our Purpose is also a message to future employees.

Promoting diversity and inclusion is also important. We will work to create an environment where diverse human resources, regardless of things like nationality, gender, or sexual orientation, can maximize their strengths. We will also actively seek mid-career hires who have different experiences and knowledge than us. The Group will continue to take on the challenge of a wide range of businesses, mainly in the life design field. To that end, it is indispensable to gather human resources with diverse values.

In April 2023, we established a new HR Strategy Division to pursue strategic human resource development throughout the Group. Going forward, we will continue to strengthen our group capabilities from the perspective of human capital, such as career paths that link group companies and human resource development that puts the right people in the right place.

Message to stakeholders

## Aiming for the next high peak, harnessing the power of all JR-West Group employees

The other day, when I had a remote meeting with overseas institutional investors, I was told, "You have done well to recover so far." After that, I was put under pressure by the comment, "But the future is what really matters." I think these words are very encouraging for me and, above all, for employees. As the president, I have shown my respect for the efforts of employees whenever I had the opportunity.

We faced a desperate struggle during the three-year pandemic. Now, we can finally see a path to the future, and I feel that we have taken our first strong steps toward reaching the next high peak. In order to evolve into a corporate group that "stirs the heart, drives the future," we will unite the strengths of all employees of the JR-West Group and move forward with confidence.





Special dialogue **Toward creating innovation**  
**Asking Sony Group Senior Advisor Kazuo Hirai**

We invited Kazuo Hirai, a senior advisor who led innovation management at Sony Group, which leads the world in innovation, to talk with President Hasegawa about the key points for creating innovation and the behind-the-scenes work in organizational reforms to restore business performance.



President and Representative Director  
**Kazuaki Hasegawa**

Senior Advisor  
 Sony Group Corporation  
**Kazuo Hirai**

**How to unleash your employees' passion**

**Hasegawa:** Since the beginning of the pandemic, the situation has continued to be difficult for us. As a company that supports social infrastructure, I want to re-examine the significance of our existence from the connection with customers, communities, and society, and move forward. In addition, we must actively take on innovation, cultivate new businesses, and work to restore the value lost due to the pandemic. In April 2023, we launched the Innovation Creation Program (a program for the entire JR-West Group aimed at creating innovation in new and existing businesses and developing human resources who can create innovation. For details, see page 38). I believe it's important to generate innovation not only in specific departments and personnel but also in each group business.

**Hirai:** I see. We also had various difficulties when introducing the Sony Startup Acceleration Program (a program that provides anyone who wants to create a new business with the experience and know-how of the Sony Group, and supports the launch, sales, and expansion of

new businesses). There's always a negative impact on new initiatives; this could be called the innovation dilemma.

**Hasegawa:** In your various turnarounds (management reforms), there must have been difficult situations and hardships. What has been the most difficult for you?

**Hirai:** The thing I cared about the most was my employees. For example, when a business is withdrawn or sold, the impact on employees is considerable. The question is how to minimize it. I was really concerned during the discussions with the other party, such as how far they would guarantee the treatment of employees.

**About turnaround (business revitalization, management reform)**

**Hirai:** The importance of innovation seems to be recognized in all industries. Whether they can or cannot take steps towards innovation depends on exactly how far top management and managers go and whether they can commit.

**Hasegawa:** How have you made your decisions?

**Hirai:** I always tell my employees that it's 100 times better



to make the wrong decision than not to make any decision at all. If you delay making a decision forever, the organization will not move forward, but if you make a decision, you can find out if it's wrong, so you can correct the path you're taking. I also tell them that leaders need to have the courage and confidence to say they've made a mistake. If you do nothing, your credibility as a leader will deteriorate. Employees would be glad if they were honestly asked to change course together. They would be more motivated, wouldn't they? In fact, people who understand the day-to-day operations have a better instinct about the correctness of a decision. If you make a wrong decision, you can correct your course. I made many decisions with that stance.

**Hasegawa:** Top management also needs to have integrity.

**Hirai:** That's right. Otherwise, the problems will get bigger and bigger later.

**What purpose brings: About *kando***

**Hasegawa:** You used the Japanese word *kando* ("emotional experience") as a keyword in the reform process. What inspired you to choose this word?

**Hirai:** We have a variety of business areas, and at first, we used the slogan "One Sony" to bring all the departments together. But this is not a mission, a vision, or a purpose, but only a statement of what should be. There was considerable discussion among management about what words to use to express the mission and vision in concrete terms. Someone came up with the keyword *kando* ("emotion, excitement"). There's "excitement and emotion" in entertainment, and electronics products can also be "exciting." And Sony Life Insurance's sales reps were highly regarded by customers for how they sold life insurance, and we recognized that this was also an "emotional experience." It was great to see that "emotion" also fit in the financial field.

**Hasegawa:** You need a symbolic word to bring together diverse business fields and employees.

**Hirai:** That's right. Sony had highly charismatic founders (Akio Morita and Masaru Ibuka), so such words were not necessary, but the charisma of the founders disappears with the times. So, when I became CEO, we decided to once again clarify our mission, vision, and values so that

employees could be aligned in the same direction.

**Hasegawa:** Likewise, at a time when we are expanding our business, we realize we must connect more with people, communities, and lives by thinking fundamentally about what value railways can provide to customers. We've reaffirmed the meaning of the significance of our group—our purpose.

**The future of the JR-West Group**

**Hirai:** JR-West has a range of businesses. I think JR-West is no longer simply a mobility business, but rather a "human business."

**Hasegawa:** Going forward, it will be important to connect the railway business with local communities. For example, depending on the region, there are issues such as how to maintain social infrastructure. Small municipalities in rural areas find it difficult to even make plans for road repairs, and they sometimes come to us. We have a system that can provide maintenance 24 hours a day, 365 days a year, which we have cultivated in the railway business. We can use this know-how to help local communities.

**Hirai:** As you say, I think this can be one kind of business.

**Hasegawa:** We've already carried out events in cooperation with local agriculture and fisheries on promoting local production for local consumption. We need to take further measures to connect more comprehensively in the future. Although our work is real world-based, I believe a detailed approach that integrates digital and real-world networks is important. One example is Virtual Osaka Station on the metaverse, which our young employees are working on. While there are many other metaverse platforms, many young people are participating in the Osaka Station metaverse. I think the reason is that they are attracted by the fusion of the real-world Osaka Station and the digital-space Osaka Station. The integration of the real world and virtual space cannot be achieved without experiencing the real world. That's the value of the metaverse we're developing, and we see many possibilities. We've always worked in the real world in railways, shopping centers, hotels, and regional development. I want to connect each business with digital technology and provide new services that will benefit people's lives. We are currently working on this concept.



# Value creation for realizing the Long-Term Vision

The business environment surrounding the JR-West Group has been under unprecedentedly harsh conditions due to the acceleration of changes in social behavior triggered by the pandemic. Still, we are beginning to see signs of demand recovery. On the other hand, with the intensification of natural disasters and the shrinking of the market and the labor force caused by a decline in the population, the situation in Japan and overseas is becoming increasingly unstable.

In formulating the new business plan, we reviewed the previous plan. In light of the drastically changing business environment, we reviewed the significance of the JR-West Group's existence and the role it should play in society, declared Our Purpose, set the Long-Term Vision 2032, and formulated the Medium-Term Management Plan 2025 as the action plan.

## Review of revised Medium-Term Management Plan 2022

The JR-West Group announced the Medium-Term Management Plan 2022 in April 2018, but with the pandemic spreading from the beginning of 2020, we faced drastic changes in the business environment.

Against this backdrop, we have established four basic aims and have taken prompt initial action:

- (1) Protect our mission as a social infrastructure company
- (2) Protect the safety of customers and employees
- (3) Protect the jobs of employees
- (4) Protect the supply chain

In October 2020, we announced the Revised Medium-Term Management Plan 2022 and set out four strategic axes: Enhancing safety, with the Fukuchiyama Line derailment accident as the starting point; enhancing coexistence with local communities and taking on the challenge of creating new value; strengthening management; and reforming the company to enhance our ability to address change. Based on these, we have been working on reform and reconstruction.

Due to the fact that the pandemic has dragged on significantly longer than expected, as a result, the numerical targets set in the Revised Medium-Term Management Plan 2022 have not been reached. In terms of finance, we have implemented flexible debt procurement and public offering of stocks, improved our ability to respond to changes in conjunction with cost structure reform, and made steady progress in our reform and reconstruction efforts, including efforts that sow the seeds for future growth.

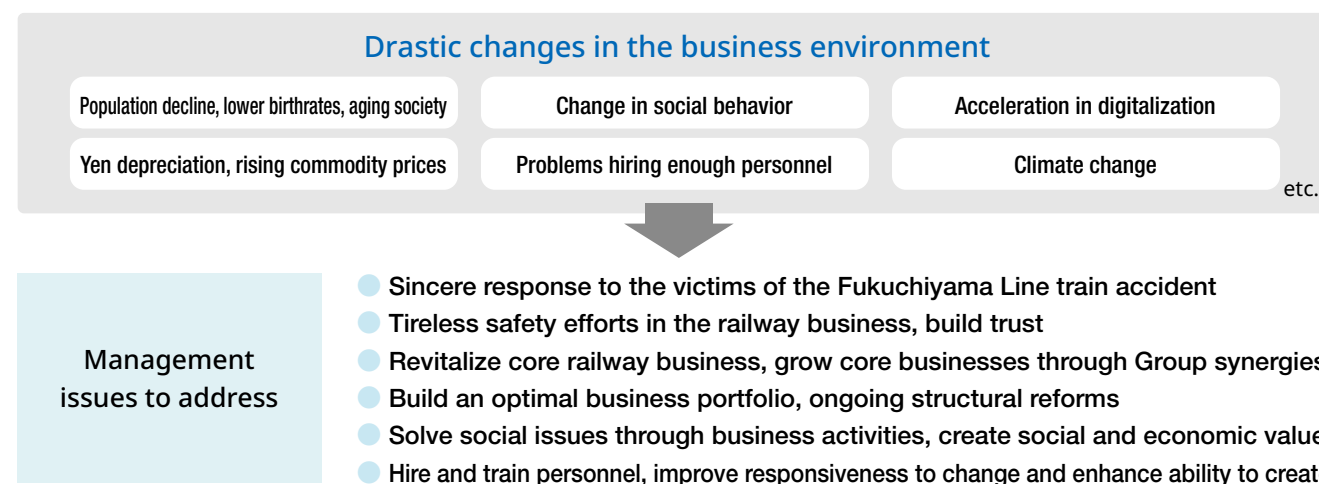
### Consolidated operating revenues and EBITDA

	FY2021	FY2022	FY2023	
			Results	Targets in revised medium-term management plan
Consolidated operating revenue	¥920.0 billion	¥1031.1 billion	¥1395.5 billion	¥1450.0 billion*
EBITDA	-¥70.8 billion	¥42.9 billion	¥243.6 billion	¥330.0 billion

\*Figures are before the application of the Accounting Standard for Revenue Recognition

### Recognizing issues upon formulating the new plan

In addition to steadily continuing our previous initiatives, we have once again reviewed the significance of our existence and the role we should play in society amidst many changes in the business environment and the challenges that accompany it.



## Aims of management

In the aforementioned process, we recognized the importance of providing mobility services that allow customers to move safely and securely, as well as cooperating with various partners to provide services that are closely connected to each customer's life, expanding the scope of our service provision to the lifestyles themselves that each customer envisions.

We aim to both improve in the field of mobility services to create value as customers move and expand our business into the field of life design to create value that is closely connected to customers' lives.

### Improvement of railway safety

The top priority of improving railway safety remains unchanged in the new management policy. With the unchanging determination to never again allow an accident such as that on the Fukuchiyama Line to occur, we will respond sincerely to those who have been affected, and we will put safety first in our thinking and actions in order to meet customer expectations.

### Improvement in the mobility services field

Even in the face of behavioral changes due to the pandemic and population decline, we will further improve our services to pursue the convenience and comfort of mobility more than ever and to make customers want to move and travel again.



Railways/transportation, retail (sales of goods and food services, etc.), hotels, travel

### Business expansion in the life design field

We will expand the life design field by creating mobility itself by connecting people to people and people to cities. We will create value that is closely connected to customers' lives by understanding the needs of individual customers and developing businesses that are closely linked to lives and communities.



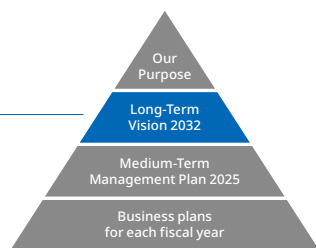
Real estate, shopping centers, community/city development, digital strategy, new domains

Based on these challenges, we have declared Our Purpose as a compass for the future at this time of great transition—the post-pandemic era. To achieve Our Purpose, we set the Long-Term Vision 2032 as a goal of what we want to be in 2032, 10 years from now, and the Medium-Term Management Plan 2025—Post-Pandemic Challenges as the first step to achieve these goals.

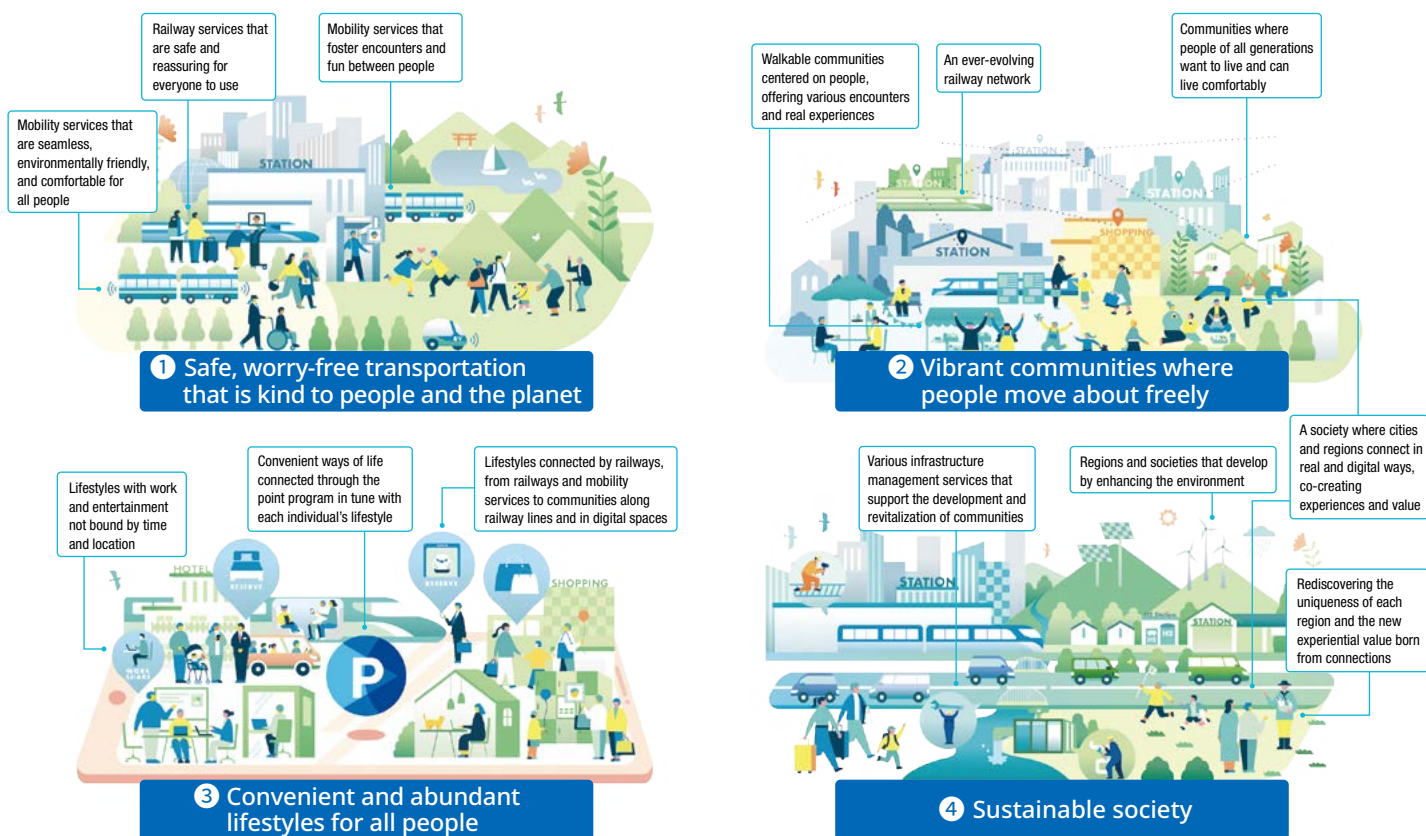
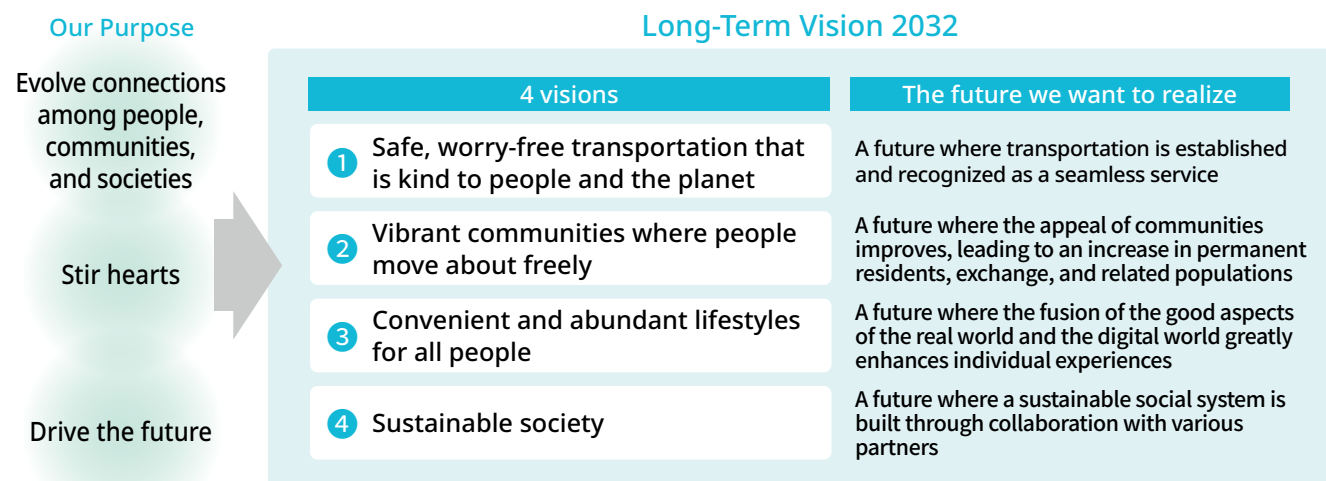
## Value creation for realizing the Long-Term Vision

### Long-Term Vision 2032

The JR-West Group formulated Long-Term Vision 2032 as its vision of how it wants to be in 10 years (2032) to achieve Our Purpose. We identified key social issues to address and set the vision we want to achieve as safe, worry-free transportation that is kind to people and the planet; vibrant communities where people move about freely; convenient and abundant lifestyles for all people; and a sustainable society.

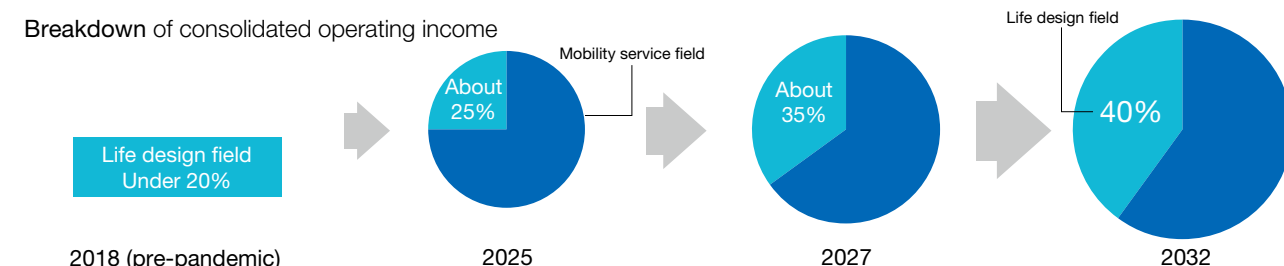
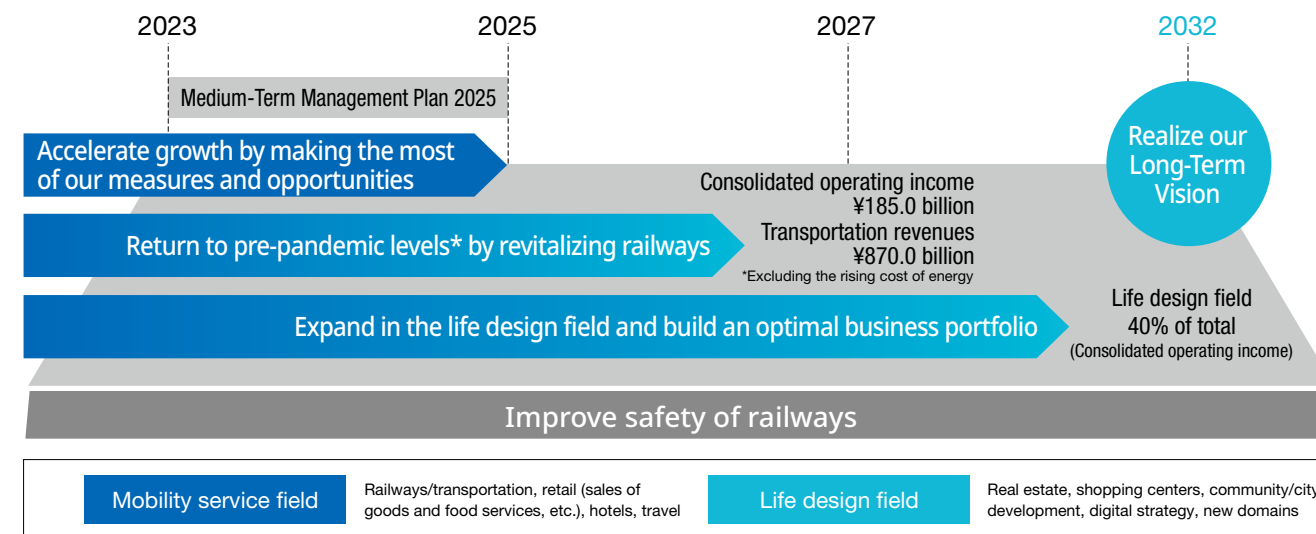


#### Realizing Our Purpose and where we want to be in 10 years (2032)



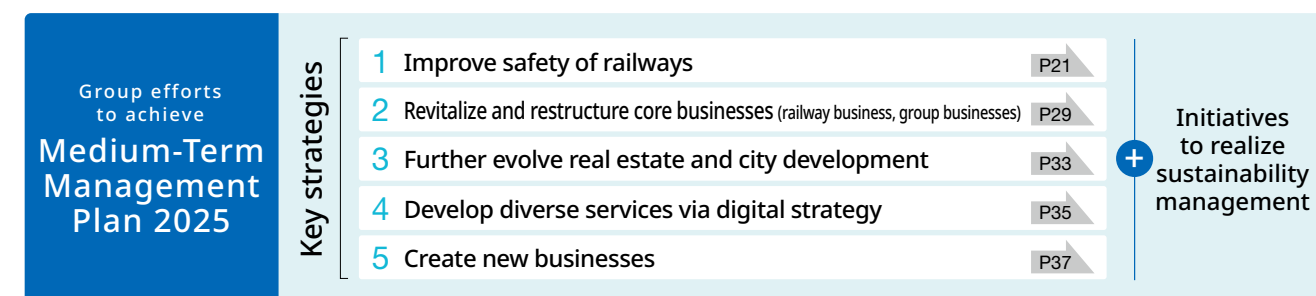
### Striving to realize our Long-Term Vision

To achieve this Long-Term Vision, we will remain committed to improving railway safety, revitalize the mobility service field centered on railways, expand the life design field, and build an optimal business portfolio. This will allow us to grow into a corporate group that will achieve sustained value creation in the future.



### Medium-Term Management Plan 2025— Post-Pandemic Challenges

In the Medium-Term Management Plan 2025, based on its positioning as the first step towards realizing the Long-Term Vision, we set forth five key strategies to accelerate growth by making the most of the opportunities at hand in order to recover to the pre-pandemic level at an early stage. In addition, we will work on coexistence with local communities, the global environment, human capital management, governance, risk management, and human rights to achieve sustainable management. For more information about each item, see the relevant page.





# Value creation for realizing the Long-Term Vision

## Value creation model of the JR-West Group

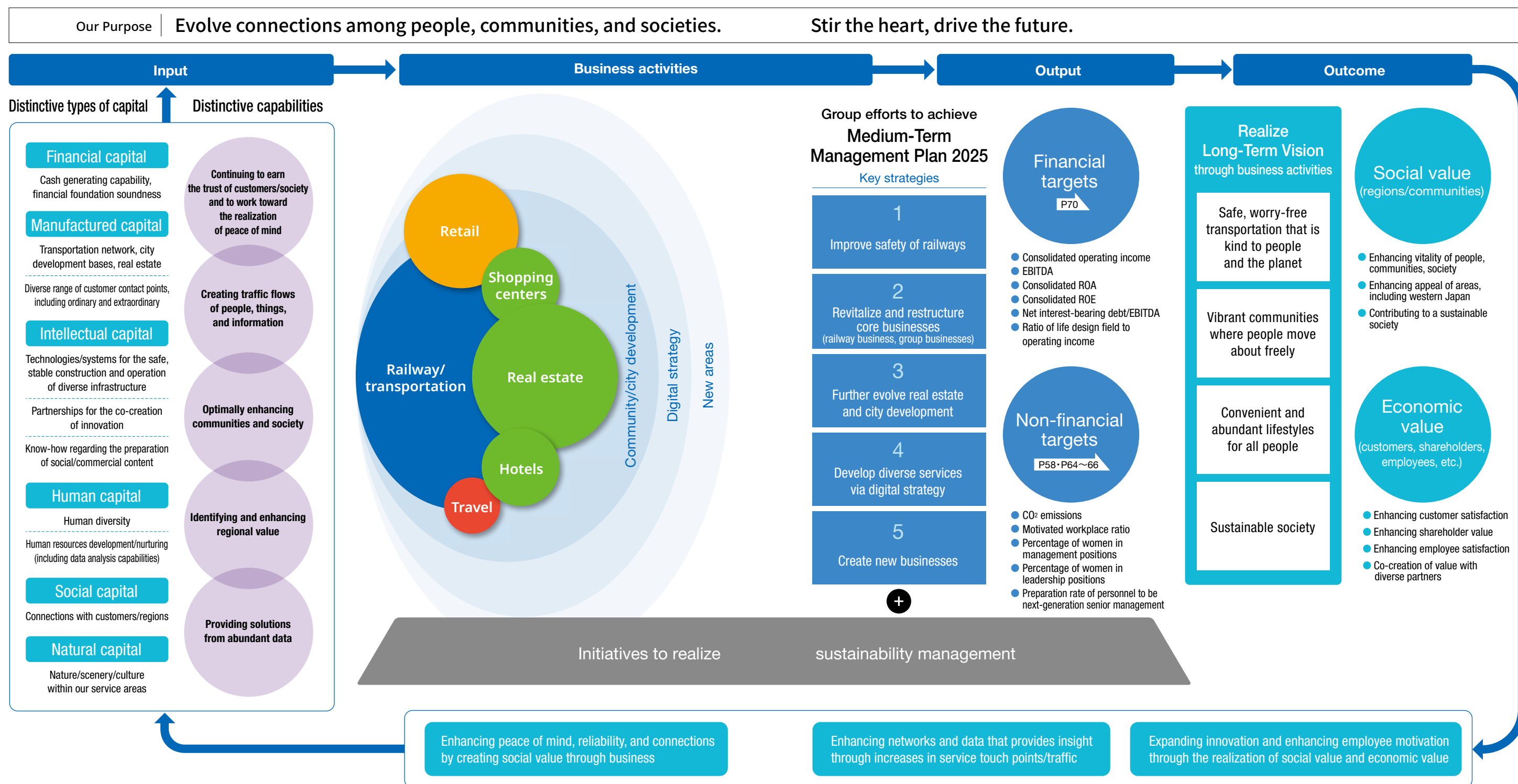
The following value creation model shows how the JR-West Group will continue to create value in the future based on Our Purpose, Long-Term Vision, and Medium-Term Management Plan.

The entire Group will work together to play a greater role in society as we steadily carry out each initiative of the value creation model and evolve connections among people, communities, and societies to stir the heart and drive the future, as stated in Our Purpose.

### Business activities of the JR-West Group

The JR-West Group will give top priority to improving the safety of railways. It will work to implement structural reforms of both income and expenditure, improve the field of mobility services such as creation of mobility demand centered on the Shinkansen, and actively expand the field of life design to create value that is closely connected to customers' lives. In addition, we will further develop community and city development, maximize synergies through the Group's digital strategy, and create new businesses to realize our Long-Term Vision.

We will grow into a corporate group that realizes sustained value creation by recirculating as inputs "Enhancing peace of mind, reliability, and connections," "Enhancing networks and data that provides insight through increases in service touch points/traffic," and "Expanding innovation and enhancing employee motivation," which are generated by achieving social and economic value through these business activities.



# Enhancing railway safety

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

### The derailment accident on the Fukuchiyama Line

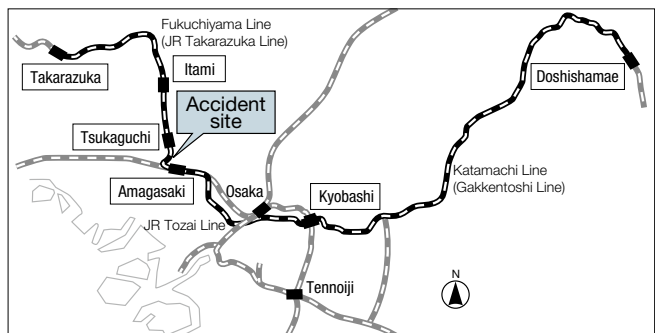
On April 25, 2005, issues at the West Japan Railway Company resulted in an accident on the Fukuchiyama Line, an extremely serious accident resulting in 106 fatalities and 563 injured passengers. We pray for all the victims of the accident and would like to express our sincerest apologies to their bereaved 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.
- Dealing with employees who stand at the forefront of safety**
- 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

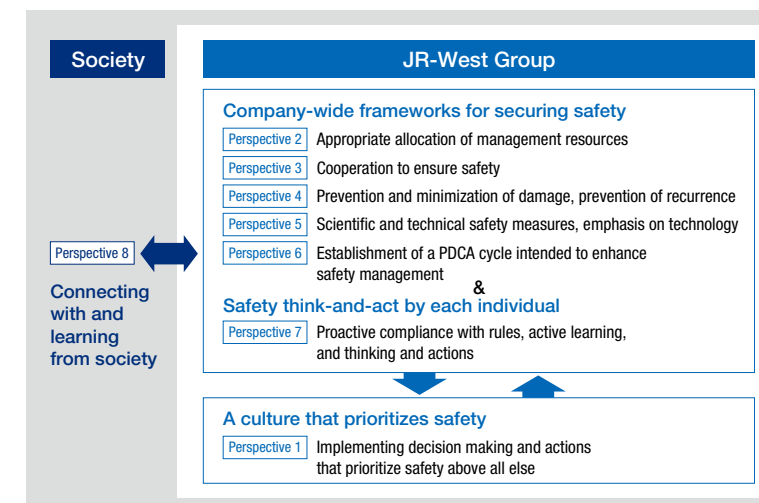
In order to continue to operate safe railways in the future, we must create a company-wide framework for ensuring safety and leverage that framework to encourage safety "think-and-act" by each individual.

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.



Enhancing railway safety

# 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.

### Learning at the Memorial Grove

By visiting the Memorial Grove, a site of great importance holding many different emotions for victims, as well as the reality of the accident, employees learn about the facts of the accident and the importance of life, which stimulates them to think concretely about putting safety first.



### Workplace initiatives Hiroshima Track Maintenance Center, Chugoku Regional Head Office

Every month on Safety Day, all employees take part in education intended to maintain an awareness of the Fukuchiyama Line derailment accident. Opportunities are provided for employees who joined the company after the accident to act as lecturers and share with other employees what they have learned, while employees who visited the Memorial Grove can share what they saw and felt and how it has given them resolve for the future. Through this, employees learn and discuss the background of the accident, as well as reflect on it and the lessons to be learned from it. In addition, we get employees thinking more about how they should act by, for example, providing educational materials that incorporate essential perspectives in achieving safety into the specific duties of our track maintenance center, creating a connection between safety behavior and employees' personal goals and conducting periodic reviews. We will work to ensure that employees who joined the company after the accident see the Fukuchiyama Line derailment accident as personally relevant to them, talking about it as members of the company that caused the accident, and they will continue to impart this message to employees who will join the company in the future.



### Learning at the Railway Safety Education Center

We are working in a variety of ways to cultivate a safety-first mindset in employees, such as by fostering learning at the Railway Safety Education Center, a facility where reflection on the Fukuchiyama Line derailment accident and the lessons learned from past accidents and disasters are taught in a systematic way. We also deepen employees' understanding of occupational accidents and human factors through instruction at the Safety Experience Building, where employees can learn about countermeasures through hands-on experience.



## 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).



A Life Seminar



JR-West provides AED practice equipment



Essay contest booklet



Enhancing railway safety

# Initiatives to improve safety

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. We have been promoting initiatives for five years up to fiscal 2023.

After confirming our previous initiatives, we have formulated the JR-West Group Railway Safety Think-and-Act Plan 2027 to implement further safety improvement initiatives, starting from fiscal 2024. Based on this plan, in order to fulfill our mission of safely guiding customers to their destinations, we will deepen our approach to safety with a strong awareness of putting customers first and meeting their expectations, and build railways that customers can trust.

## Review of the JR-West Group Railway Safety Think-and-Act Plan 2022



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

Objectives		FY2019	FY2020	FY2021	FY2022	FY2023
<b>Objectives over the 5 years through FY2023</b>	Train accidents that result in casualties among customers	Zero	0	0	0	0
	Train labor accidents that result in fatalities among employees	Zero	0	1	0	0
<b>FY2023 objectives</b>	Train accidents involving people that result in casualties among customers <sup>*2</sup>	Further 10% reduction	9 or less	11	8	5
	Accidents at level crossings	Further 10% reduction	22 or less	24	17	11
	Transportation disruptions due to internal factors	Further 10% reduction	126 or less	170	167	145

<sup>\*1</sup> Further 10% decrease from the objectives achieved in Safety Think-and-Act Plan 2017  
<sup>\*2</sup> An expansion of scope from the objective "Train accidents with casualties on platforms" in Safety Think-and-Act Plan 2017

We achieved the goal of zero for "train accidents that result in casualties among customers," which was set as a goal throughout the five years. On the other hand, one "train labor accident that resulted in a fatality among employees" occurred, and the irreplaceable life of one colleague was lost. We achieved the goal for "accidents at level crossings" among the goals to be achieved for fiscal 2023. On the other hand, with regard to "train accidents

involving people that result in casualties among customers," it was not possible to achieve the goal. With regard to "transportation disruptions due to internal factors," we have analyzed the events that have occurred so far and attempted to reduce disruptions by prioritizing, but we could not achieve the goal due to the occurrence of events outside the priority areas.

### Confirmation in light of the essential perspectives in achieving safety

We confirmed the effectiveness of five years of safety management, the adequacy of the efforts, and the direction we are taking in light of the essential perspectives in achieving safety, compiled as lessons from the Fukuchiyama Line train accident. In order to further enhance safety, we recognize that it is important to focus on

further improving the effectiveness of the established mechanisms, and we will strive to improve execution ability. In addition, we will deepen our approach to safety so that we are strongly aware of putting customers first and meeting their expectations in improving safety.

## Instilling an awareness of safety as the top priority

"Stop the train without hesitation" training across departments and organizations (San-in Branch, Chugoku Regional Head Office)

We hold training with the participation of various departments and group companies to practice stopping the train without hesitation when an employee senses danger or when they cannot confirm safety. We run actual trains for training purposes at night.

Employees who participated said that they were able to increase their confidence in stopping the train without hesitation. In addition, by having participants from a range of jobs and organizations, employees can learn various means of stopping trains to improve their practical skills.



Explaining emergency equipment in the train to participants



Explaining how to stop the train and actually operating the onboard emergency button

## Improving practical skills by actually stopping a train with colleagues from different organizations



Transport Safety Department, Chugoku Regional Head Office  
**Ryota Hara**

We had so far communicated the importance of stopping trains without hesitation when an employee senses danger or when they cannot confirm safety. Because not all employees had actually done an emergency stop, we thought that some may be worried about actually stopping the train. So we decided to do this training.

We ran trains for training purposes at night and invited employees from various workplaces to participate. With employees in different jobs taking part, participants were able to observe how the train is actually stopped using the method for each job. This deepens their understanding of various means of stopping and improves their practical skills.

We will continue to provide training centered on district station managers and that includes each workplace.

## By actually stopping the train with colleagues, I was able to deepen my learning



Yonago Electric Technology Center, Yonago Electric Section, Chugoku Regional Head Office  
**Sayaka Minato**

I was trained on stopping the train without hesitation and knew how to stop it. But I had never encountered a situation where I actually needed to stop the train. In this training, I experienced pressing the emergency button on the platform and running while waving a red light toward the incoming train to stop it on the platform. Through training, I have been able to increase my confidence in stopping the train without hesitation in the event of an emergency.

In addition to my own training, I was able to learn more deeply by training with my colleagues, getting in-depth explanations from senior colleagues and learning how employees in other workplaces stop the train.

Using what we have learned in this training, I will definitely stop the train without hesitation when I sense danger or when I cannot confirm safety.



## Enhancing railway safety Initiatives to improve safety

### Enhancement of organizational safety management

Using drones in the event of a disaster (Hiroshima Civil Engineering Center)

When damage occurs to facilities like tracks due to a disaster or other reason, we use drones to take aerial photos to get a full view of the damage so that we can consider repair methods. Detailed assessment of the damage and repair method requires on-site visual confirmation. By using drones, we can confirm the whole picture even in places where there is a risk of secondary disaster and where the human eye cannot reach. This helps us to quickly assess the damage and consider repair methods.



Drone photography

#### By using drones in the event of a disaster, we can assess the damage to tracks and consider repair methods



Hiroshima Civil Engineering Center, Chugoku Regional Head Office  
**Masahiro Kameda**

If mud enters the tracks due to heavy rain or if stones fall on the tracks, we need to suspend the trains and remove the debris as soon as possible. We use drones to take aerial photos of the damaged areas, which helps us assess the damage at an early stage and consider ways to remove the debris.

We cannot fully understand the situation only by taking aerial photos with a drone but taking photos from positions that cannot be easily seen by the human eye helps us assess the damage.

I will continue to work with colleagues to improve my level of flight control so that I can operate drones accurately in the event of damage to railway facilities caused by disasters.

### Safety think-and-act by each individual

Thinking about risks concretely before engaging in work (Vehicle Center, Hakata Depot)

We do KRM (inspection and repair risk management) based on photos of the actual work scene before the work starts. When identifying risks, we have devised ways to think about them more specifically by setting conditions that can occur (such as first time, after a long time, changed, or whether an employee is swamped with other work). Going forward, we will accumulate the risks considered by each person as data and use them to develop measures.



Specific risks sheet

#### Devising ways to think more effectively about specific risks before each person does their work



Vehicle Center, Hakata Depot, Sanyo Shinkansen Head Office  
**Daiki Eto, Shimpei Inuzuka**

As in various other workplaces, we have been making each person think about risks concretely before they work. But we felt that it was getting difficult to identify risks, so we devised a way to make it easier to think about them. In order to prevent work errors, each person writes their views on a sheet when they think about risks as a way to encourage awareness.

We also encourage employees to think of risks as being an issue directly related to them by linking the sheet to human errors that have occurred in the past. We also accumulate the risks considered by each person as data.

Going forward, we will come up with new methods, such as considering how to use the accumulated data.

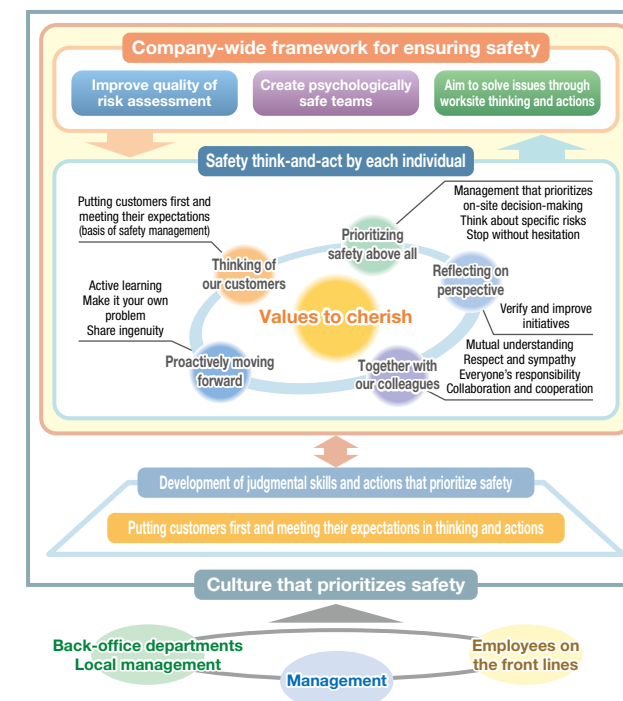
### JR-West Group Railway Safety Think-and-Act Plan 2027

In the JR-West Group Railway Safety Think-and-Act Plan 2027, which began in fiscal 2024, we deepen our approach to safety and foster safety as an organizational culture in order to improve safety with a strong awareness of putting customers first and meeting their expectations.

Each of us, including management, shares the five values we want to cherish (prioritizing safety above all, thinking of our customers, proactively moving forward, together with our colleagues, and reflecting on perspective). We will respect each other, speak frankly, and create "psychologically safe teams" that learn and improve through challenges. We will share the problems on the worksite across departments and organizations, and together with our colleagues, take on the challenge of solving the problems through on-site thinking and actions.

In addition, we will strengthen and expand measures for disaster prevention and mitigation, such as those for safety on station platforms and at railroad crossings, and earthquake and rainfall countermeasures. We will also improve vehicle renewal, crime prevention, and industrial accident prevention measures, as well as review and improve mechanisms and rules to increase their effectiveness.

Regarding safety investment, we expect to invest about 530 billion yen over the five years from fiscal 2024 to fiscal 2028, and we will steadily implement hardware measures to maintain and improve safety.



### Key initiatives in JR-West Group Railway Safety Think-and-Act Plan 2027

#### Platform safety

- Maintain platform gates and safety screens to prevent train-involved accidents caused by customers falling off the platform



Moveable platform gates

#### Railway crossing safety

- To prevent collisions between trains and large vehicles at railroad crossings, install devices that verbally notify train drivers when a large vehicle is stuck on the crossing



Derailment prevention guards

#### Earthquake countermeasures

- Implement earthquake safety measures such as seismic reinforcement and prevention of derailment to improve safety during earthquakes

#### Object-based and policy-based improvements

- Enhance safety through object-based and policy-based improvements
- Provide safe and reliable transportation (improve transportation quality)

#### Create a culture that puts safety first

- Establish management that prioritizes on-site decisions
- Promote a mindset of putting customers first and meeting their expectations



Training to stop trains without hesitation

#### Strengthen framework to ensure safety throughout the organization

- Improve quality of risk assessment
- Create psychologically safe teams
- Aim to solve issues through on-site thinking and actions



Collaboration across departments and organizations

#### Safety think-and-act initiatives by each individual

- Share and actively practice the five values we want to cherish



Inspecting wheels

#### Connect with society and learn from outside the company

- Engage in dialogue with relevant organizations regarding responses to natural disasters and other incidents
- Promote efforts to learn from and implement safety measures used by other railway companies and related organizations



# Revitalization and structural reform of main businesses

Even though fundamental usage has not returned to pre-pandemic levels due to changes in people's behavior and diversifying values, we are making our businesses more sustainable by expanding and evolving our railway network, and boosting productivity. As well, we are carrying out attractive urban development that gives opportunities for people to come together so that we can generate new needs in traveling between cities. And we are meeting these needs as we combine a range of services through digital strategies and leverage the synergy of our various businesses.

## Enhance the railway network with the Shinkansen lines at the core

Develop regions to foster well-being for residents

### Attract visitors from all over to the rich tourism resources of western Japan

Work with regions to attract visitors from all over Japan and from overseas as foreign tourist numbers rebound

#### San-in area

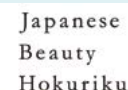
Enhance appeal of travel with new railcars



New Yakumo rolling stock Ametsuchi sightseeing train

#### Hokuriku area

- Improve tourism resources and develop tour routes in conjunction with opening of Kanazawa-Tsuruga extension (spring 2024) and Hokuriku Destination campaign (autumn 2024)
  - Through the Fukui Prefecture Tourism Development Project, create and strengthen travel offerings to Fukui Prefecture in collaboration with prefectural government and travel agencies
- Improve secondary access to make it easier to take excursions
  - Increase number of visits to Wakura Onsen with Waku Liner train



New sightseeing train Hokuriku Shinkansen W7 Series

#### Areas along Sanyo Shinkansen line

- Increase use through greater convenience
  - New rolling stock (N700S)
  - Increase functions of EX reservation service (one-year advance reservations, EX tour packages, EX on-trip reservations)
- Work with communities to improve and promote tourist sites
  - Improve content of local tourism centered on Shin-Yamaguchi Station (Nagato-Yumoto - Hagi)



Sea Spica etSETOra sightseeing train



Sanyo Shinkansen N700S



#### Nanki area

Work with regions and operate special trains to offer new travel experiences



Limited Express Kuroshio Rocket Kairos



## Evolve the Kansai urban network

Build seamless public transportation centered on railways, develop walkable and attractive districts

Create value by maximizing measures and opportunities, develop areas along train lines in tune with local needs

### Expo 2025 an opportunity to create value

#### Create foundations for further development of Kansai area and economy

Expand access transportation for Expo 2025, stimulate prosperity in Kansai and western Japan by encouraging tourists to visit a variety of areas on their trip

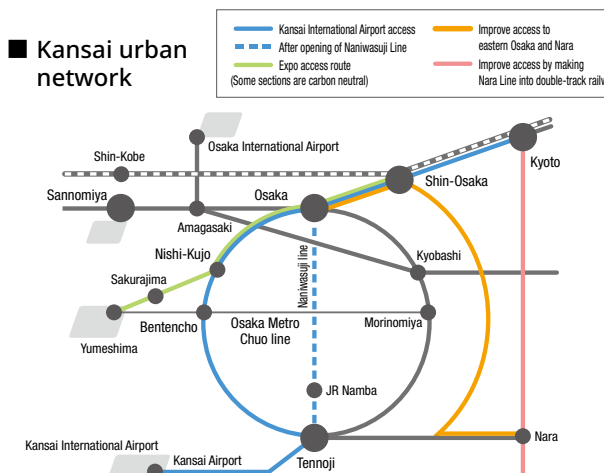


JR West Labo: Hub of innovation in Osaka Station (Umekita area)



Bentencho Station remodeling

#### Kansai urban network



#### Contribute to creation of appealing global cities by upgrading the railway networks around which they are centered

##### Tap into foreign tourist demand

Set up comprehensive reception system in tune with diverse needs, disseminate information and attract visitors to Kansai and western Japan

- Shorten time required to reach Osaka/Kyoto by improving access from Kansai International Airport
- Make excursions from Japan's gateway to various parts of western Japan more comfortable



Haruka limited express train to Kansai International Airport

#### Improve convenience of access to eastern Osaka and Nara

- Maximize effect of double-track Nara Line operations

Develop vibrant, attractive hubs; foster creation of daily living-centered neighborhoods along train lines that cater to diverse lifestyles

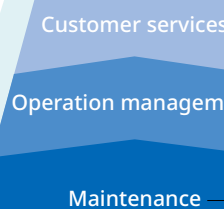
- Urban development centered on stations, creation of vibrant neighborhoods

- Inogate Osaka, new Osaka Station building (autumn 2024)
- JP Tower Osaka, in area west of Osaka Station (summer 2024)
- Development under elevated tracks on the west side of Osaka Station (autumn 2024–spring 2027)
- New Sannomiya Station building (FY2030)

## Innovate work processes to boost productivity

Improve value of customer experiences while enhancing service quality

Increase productivity by innovating daily work processes



#### Innovate customer service

- Further digitalize station services by improving functions of special green ticket vending machines
- Provide customer guidance using tablets
- Offer products in tune with needs (S Work P seat, ticketless service, etc.)

#### Innovate train operations

- Planned rolling stock updates in each area of western Japan
- Switch to single-person operations
- Reduce environmental load by improving rolling stock performance
- Create flexible timetables, including extra trains based on demand projections

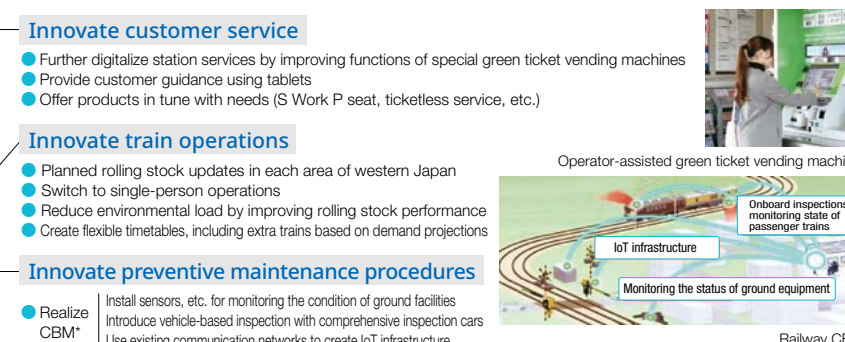
#### Innovate preventive maintenance procedures

- Realize CBM\* (condition-based maintenance): A preventive maintenance concept that monitors the condition of equipment at all times and performs maintenance only when necessary to achieve both quality and efficiency
- Install sensors, etc. for monitoring the condition of ground facilities
- Introduce vehicle-based inspection with comprehensive inspection cars
- Use existing communication networks to create IoT infrastructure

\*CBM (condition-based maintenance): A preventive maintenance concept that monitors the condition of equipment at all times and performs maintenance only when necessary to achieve both quality and efficiency

#### Results and targets of cost structure reform (non-consolidated, vs. FY2020)

FY2023 (result)	FY2026 (objective)	FY2028 (targeted level)
-¥26.0 billion	-¥40.0 billion	-¥50.0 billion





## Revitalization and structural reform of main businesses

### Sales of goods and food services

Improve ability to respond meticulously to daily needs of customers and help everyone attain a pleasant, convenient, and abundant life

#### Basic strategy

Collaborate and take on challenges to generate new value, thus creating a brighter future of lifestyles and travel for customers



#### Key policies



Improve competitiveness through external collaboration



Refine existing stores



Rebuild Via Inn brand

#### Key measures

- Further expand franchised stores (7-Eleven, Starbucks, Uniqlo, etc.)
- Improve store operation capabilities to maximize alliance effectiveness
- Discover and commercialize local products, and take advantage of the upcoming Expo 2025 to strengthen the gift shop business through external collaboration
- Increase efficiency of store operations with digital technology
- Optimize merchandising through renovation at stations in each area
- Improve quality of service through the launch of Via Inn Prime and promote strategic branding of the entire chain
- Raise profitability by improving price management

### Hotels

Create connections with people and make travel appealing, provide hospitality with bright smiles and teamwork, and help boost the city's value

#### Basic strategy

Carry out branding and strive to make Granvia hotels recognized for their superb cuisine and other high-value-added services



#### Key policies



New brand hotel in JP Tower Osaka



Rebuild value of existing store brands



New hotel opening in the new Hiroshima Station building

#### Key measures

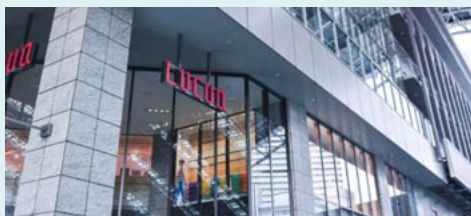
- Offer a unique and timeless travel experience with The Osaka Station Hotel, Autograph Collection, an alliance with Marriott
- Make the hotel a symbol that enhances the status of the entire brand
- Rebuild brand in conjunction with The Osaka Station Hotel, Autograph Collection
- Differentiate the brand and improve level of service by focusing on Granvia's superb cuisine, and appropriately manage prices
- Offer extraordinary experiences that show customers how charming travel and locales can be
- Provide refined facilities as a base for quality travel
- Respond to a wide range of needs in collaboration with surrounding group hotels

### Shopping centers

Capitalizing on our real-world strengths, connect customers and tenants at every point of contact, whether digital or otherwise, to be the No. 1 platform provider in the region

#### Basic strategy

Leveraging the power of our chain of shopping centers, create ones tailored to local characteristics, and offer high-quality lifestyles to each and every customer



#### Key policies



Provide real-world content that aligns with changing consumption trends



Expand and strengthen real-world and digital touchpoints to gain more customers



Create shopping centers that reflect local characteristics

#### Key measures

- Pursue valuable store lineups that meet the needs of local residents
- Encourage visits and stays through real-world experiences, create "small occasions"
- Build communities and fan bases where customers participate
- Make members feel something in common so that they become loyal customers
- Expand customer touchpoints through the WESPO app
- Create individual customer experiences through OMO, the fusion of real and digital worlds
- Develop large retail facilities that generate buzz around terminal stations (Osaka, Hiroshima, Sannomiya, etc.)
- Develop community-specific shopping centers that support people's daily living by meeting their needs
- Expand business scope through consulting business



# Further development of real estate and communities

We collaborate with residents and authorities to build peaceful communities for people to live and pass the time, and to help solve local and societal issues. We also conduct large-scale development of train stations, carry out area management, advance neighboring district development, and create bustling townscapes that attract people.

**Enhance our marketing and management skills, and conduct urban development that increases the attractiveness of stations and towns, focusing on terminal stations and areas along train lines**

## Creating places that build communities

JR-West is working with governments and surrounding businesses and leveraging its strength in public transport networks to develop urban areas along train lines.

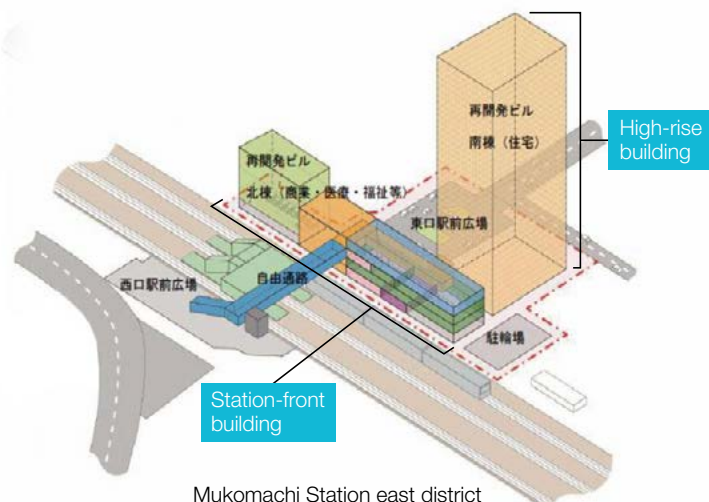
In the Nishi-Akashi Station south district, we are working with the municipality to boost the area's allure by spurring the building of government facilities and the development of more businesses surrounding the station, and leveraging our wide-area railway networks, all towards building a convenient, livable urban setting.

In the Mukomachi Station east district, a comprehensive project is underway to connect the station's east and west sides by walkways and bridges and redevelop the core east of the station, with the goal of attracting a concentration of startups and cutting-edge companies to make the town a place where people want to work.

Rather than just development for its own sake, the goal is development that leads to the creation of communities, through which we are able to help solve issues faced by customers, the region, and society as a whole, such as an aging population and low birthrate, disaster response, and crime prevention.



Nishi-Akashi Station south district



Mukomachi Station east district

## Enhancing experience value of city center

- Enhance the overall attractiveness of town centers through area management in collaboration with surrounding businesses and others
- Improve experience value and customer draw by continually updating content (JR Kyoto Isetan, shopping centers, station buildings, etc.)
- Update station-front areas to augment flow of people and improve circulation with the town



Event at Osaka Station City



Event area at JR Kyoto Isetan

## Development of major stations



### Development of new Osaka Station building (Inogate Osaka)

Scheduled to open in autumn 2024

We are developing a station building that is convenient with its direct access to new ticket gates. It has office floors that accommodate diverse work styles.



### Development of new Hiroshima Station building

Scheduled to open in spring 2025

In conjunction with the creation of a vibrant environment with a new station building, we will enhance the allure of the area through a more convenient transportation network that includes streetcars stopping at the JR station ticket gates.



### Development of new Sannomiya Station building

Scheduled to open in FY2030

We will develop a new station building to showcase the appeal of Kobe, and improve the hub functionality of the area through the construction of pedestrian walkways and urban development in collaboration with the local government and nearby businesses.

### Development of area west of Osaka Station\* (JP Tower Osaka)

Scheduled to open in summer 2024

By establishing one of the largest office and retail complexes in western Japan, which includes a theater and a luxury hotel, we will enhance the experience value of the city center.

\*Joint venture with Japan Post Co., Ltd. and JTB Corporation

## Project benefits, investment

### Project benefits

	Total capital expenditures	Estimated EBITDA*
Osaka	100 billion yen	9 billion yen
Hiroshima	60 billion yen	5 billion yen

\*EBITDA for entire group in FY2028

### Medium-term management plan capital expenditure\*\*

Real estate and city development	210 billion yen
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\*\*Cumulative total from FY2024–FY2026. Includes capital increase.



# Diverse services through digital strategy

## Looking back

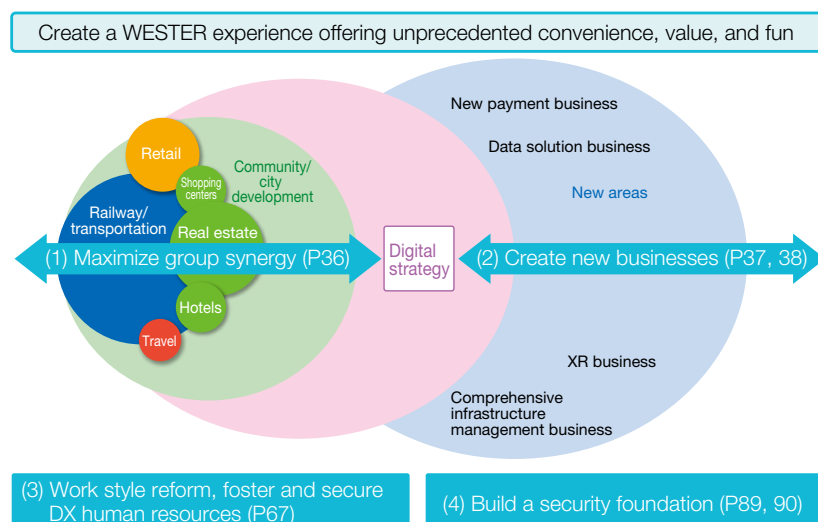
In October 2020, we formulated the JR-West Group Digital Strategy. With our focus on three forms of rebuilding (rebuilding the customer experience, rebuilding railway systems, and rebuilding the employee experience), we have been developing the foundations and environment necessary to utilize the rich and diverse data possessed by the JR-West Group.

	Rebuilding the customer experience	Rebuilding railway systems	Rebuilding the employee experience
Initiatives	<ul style="list-style-type: none"> <li>Release of WESTER and “tabiwa by WESTER” MaaS apps, enhancement of functionality</li> <li>Launch of the WESTER Point group-wide point system, expansion of participating stores</li> <li>Release of the Mobile ICOCA app</li> </ul>	<ul style="list-style-type: none"> <li>Building of AI models for railway equipment CBM (automatic ticket gates, snow forecasting, etc.)</li> <li>Development of image analysis and detection technology using AI cameras</li> <li>Start of provision of solutions created in-house for external parties</li> </ul>	<ul style="list-style-type: none"> <li>Development of an ICT environment that allows work to be done regardless of location</li> <li>Agile information sharing, groupware for decision-making, introduction of mobile terminals</li> </ul>
Main results (as of the end of FY2023)	<ul style="list-style-type: none"> <li>Number of WESTER app downloads: approx. 1.1 million</li> <li>WESTER membership: approx. 5.8 million people</li> <li>Number of WESTER digital stamp rallies: approx. 80 → Created purchasing and transportation demand</li> </ul>	<ul style="list-style-type: none"> <li>Cumulative internal cost reduction: approx. 250 million yen/year</li> <li>External sales of solutions: 15 orders received</li> <li>Obtained third-party evaluation (Special Award in the 6th Infrastructure Maintenance Awards, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Head office paper usage reduced by half</li> <li>Increase in percentage of employees who feel a sense of change (2-3 times as many compared to FY2022; approx. 50% of employees in back-office departments)</li> </ul>

## Digital strategy for the future

While leveraging the foundations developed through the three forms of rebuilding, and with a view to realizing our Long-Term Vision 2032 and Medium-Term Management Plan 2025, we will pursue the four digital strategy pillars and not only cultivate fans of our company but also create connections in western Japan that anyone can participate in, thereby contributing to the creation of a sustainable area.

### 4 digital strategy pillars

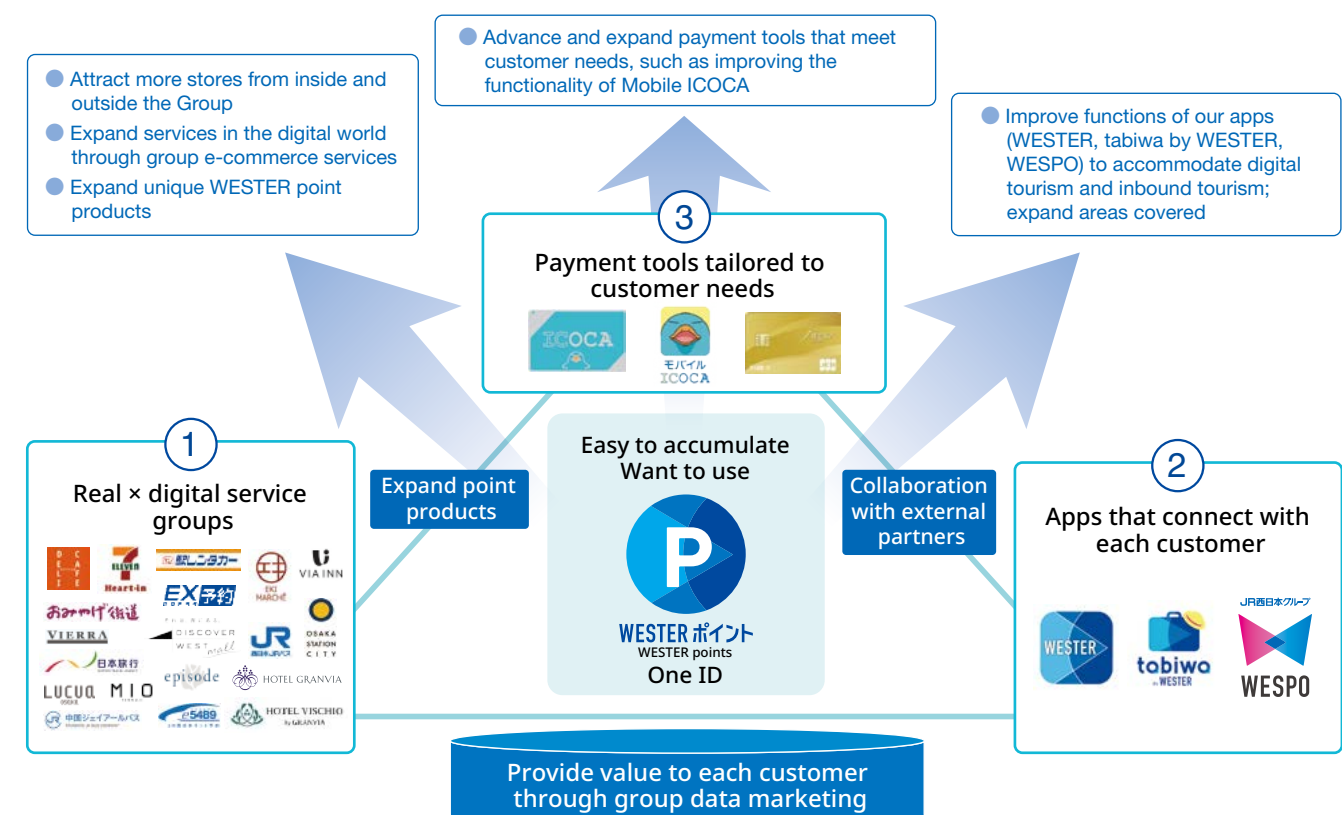


## KPIs

FY2026	FY2028	FY2033
WESTER membership: <b>8 million people</b> Mobile ICOCA users: <b>3 million people</b>	WESTER membership: <b>10 million people</b> Mobile ICOCA users: <b>5 million people</b>	Ratio of life design field to consolidated operating income: <b>40%</b>

## Maximizing group synergy through the WESTER experience

Centered on WESTER membership and points, we aim to maximize group synergy by connecting (1) services in physical stores and digital spaces, (2) apps that serve as contact points, and (3) payment services.



## Group marketing examples

We will improve our group marketing strength and create mechanisms (high-speed, high-frequency hypothesis verification marketing) that will encourage repeat use of the JR-West Group's various services, while working closely with each customer along the customer journey.

### ICOCA ni + (plus)



We treat the ICOCA commuter pass as a JR-West Group membership card and run a campaign that offers various benefits connected with railways and group company services.



### WESTER digital stamp rallies

We are repeatedly verifying hypotheses while monitoring customer behavior patterns as we hold digital stamp rallies throughout the year.

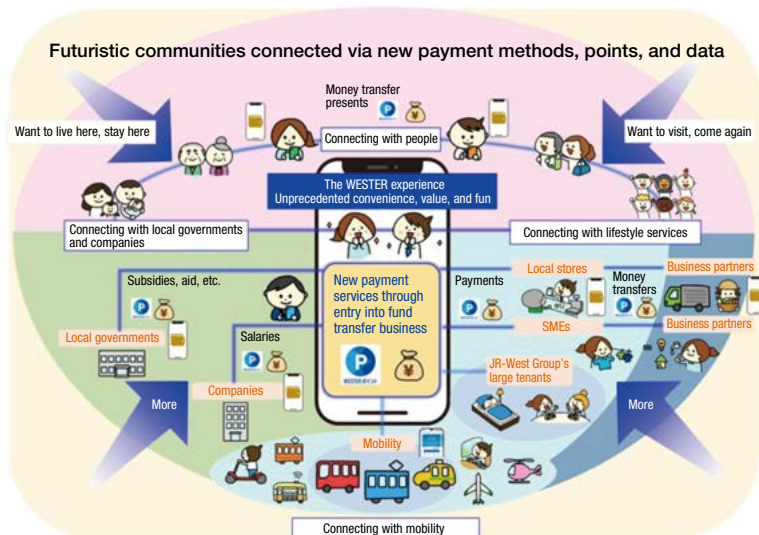


# Creating new businesses

## New payment services that support the WESTER experience

We will enter the fund transfer business as the third payment method after J-WEST cards and Mobile ICOCA, and introduce new payment services with the aim of connecting with each customer in their daily lives.

In order to turn our customers into JR-West fans, we will give them convenience, value for money, and fun in more places than ever before. We will also take on the challenge of creating futuristic communities through new payment services, and study whether they could be used for intercompany transactions and payment of subsidies from local governments.

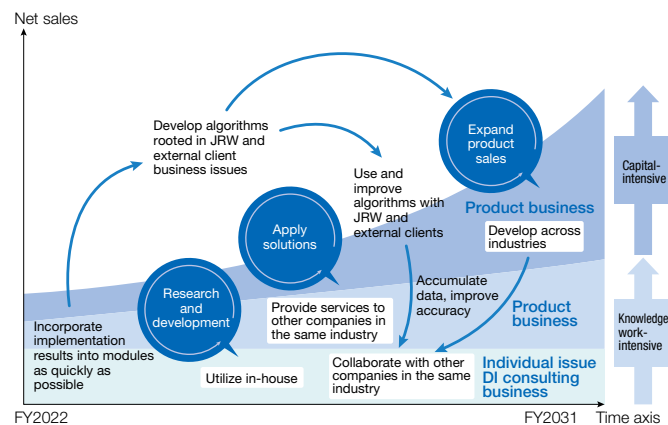


## Expanding data solutions business

We will horizontally expand our know-how in the data solutions business, which we have cultivated in the railway business. By doing so, we will not only contribute to other companies in the same industry but also to other industries in enhancing safety and improving the efficiency of equipment inspection.

**Example Predicting breakdown of automatic ticket gates (already put into service at other railway companies)**

	Operational data	For threshold 0.5	
Osaka Station unit 1	Ticket stuck: 8 times Ticket travel speed: 2.5 m/s Poor ticket reading: 14 times	Probability of failure within 7 days of Osaka Station unit 1	0.95 Inspection
Osaka Station unit 2	Ticket stuck: 2 times Ticket travel speed: 1.5 m/s Poor ticket reading: 10 times	Probability of failure within 7 days of Osaka Station unit 2	0.33 No inspection



## Business challenges that create the future

- Based on our tangible and intangible assets and capabilities, we will pursue a sense of scale with an eye to resolving social issues.
- We will continue to grasp rapid societal changes and create new businesses that will drive the future together with various partners.

**Example 1 +PLACE (plus place) business**

We began the service in April 2023 as a space-matching platform unique to a railroad company. With WESTER ID as the key, it combines mobility with space, a base for various social activities.



**Example 2 XR\* business (trial)**

We are expanding stations, which demonstrate a variety of functionality and sociality in the real world, in virtual space. By utilizing digital technology, we will further increase the degree of freedom to use them, cultivate them as our own new value co-creation field, and explore diverse business development.



\*XR (cross reality) is a general term for technologies that allow people to perceive things that do not exist in reality, by merging the real world with the virtual world.

## Integrated infrastructure management business helps realize sustainable living

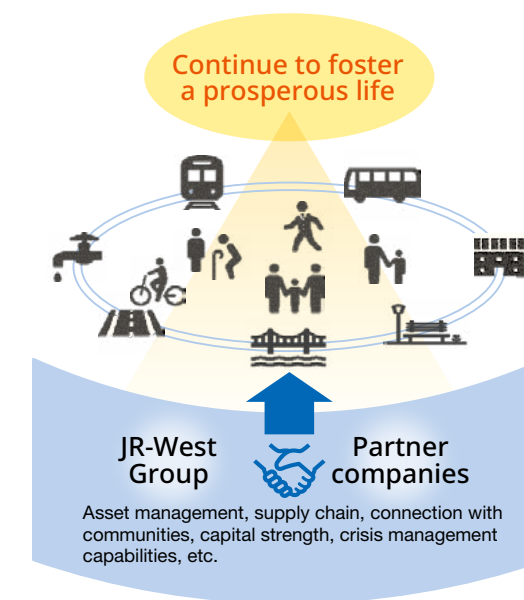
We will leverage our know-how and achievements in optimizing railway assets and providing services in line with the changing times and actual usage to address issues in infrastructure management, such as aging facilities, efficient maintenance, and securing of engineers.

We will develop an integrated infrastructure management business, which will continue to support prosperous lives as a regional industry. We will achieve this by evolving connections with citizens, local governments, and regional partners to expand infrastructure management and integrate business operations.

**Example**

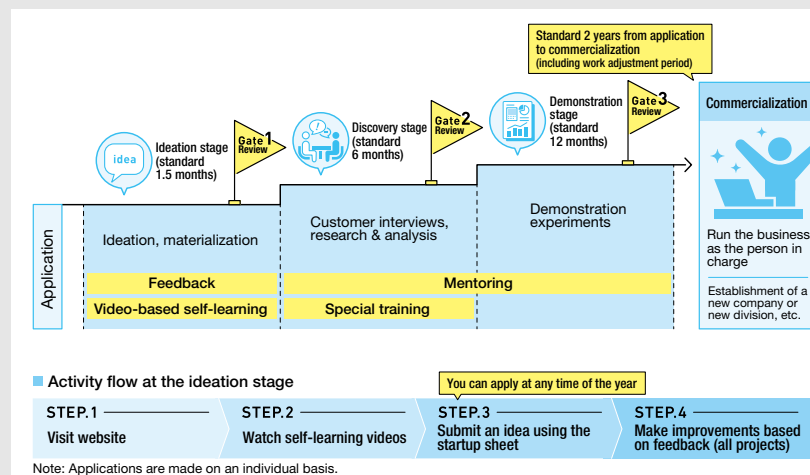
**Entrusted with Yonago city's sewerage-related work in April 2023**

For this project, Goto Industry Co., Ltd., which has been responsible for railcar maintenance in the JR-West Group, formed a joint venture with Kubota Environmental Engineering Corporation and Toshiba Infrastructure Systems & Solutions Corporation.



## News

### Innovation Creation Program



- A program for the entire JR-West Group aimed at creating innovation in new and existing businesses and developing human resources who can create innovation.
- We have prepared educational content that allows employees to acquire the skills necessary to start innovating and a system that supports their activities. The aim is to be a corporate group that innovates from employees' ideas and creates value on a sustained basis.

### JR-West Group Innovation and Challenge Day

- To deepen understanding of the JR-West Group among stakeholders, encourage cooperation with various partners, and promote understanding and activities within the Group, we hold the JR-West Group Innovation and Challenge Day, where we show people inside and outside the company what we are doing to generate innovation.
- In fiscal 2024, we held the event on December 12 and 13 with Our Purpose as the main theme. This year's event exceeded the scale of the previous year and featured creative exhibits.

Fiscal 2023 Innovation and Challenge Day overview (November 9–10)

- Various initiatives of group companies and partner companies were exhibited
- Panel discussions with a variety of guests, and about 3,000 visitors

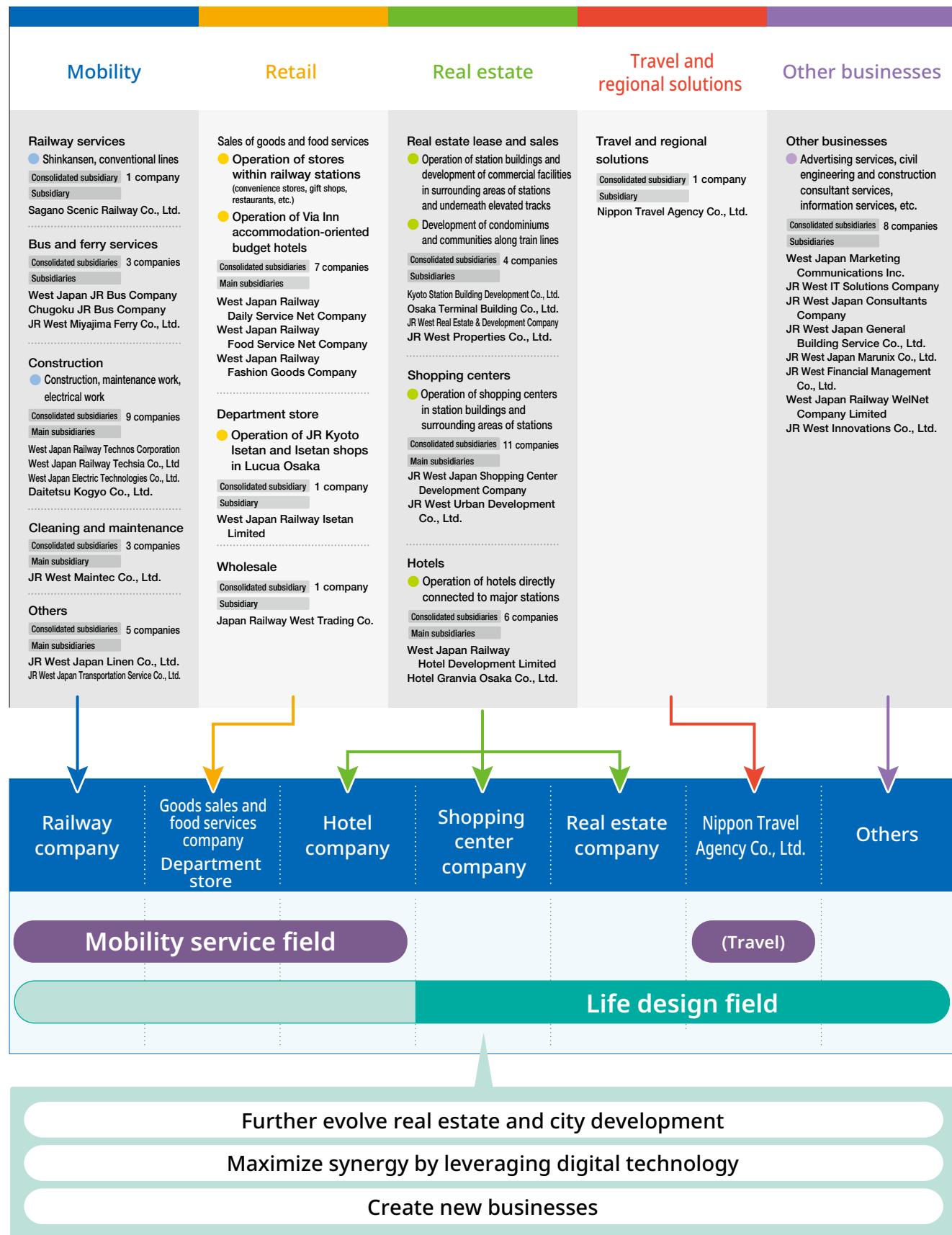


Group companies' exhibits and hands-on booths



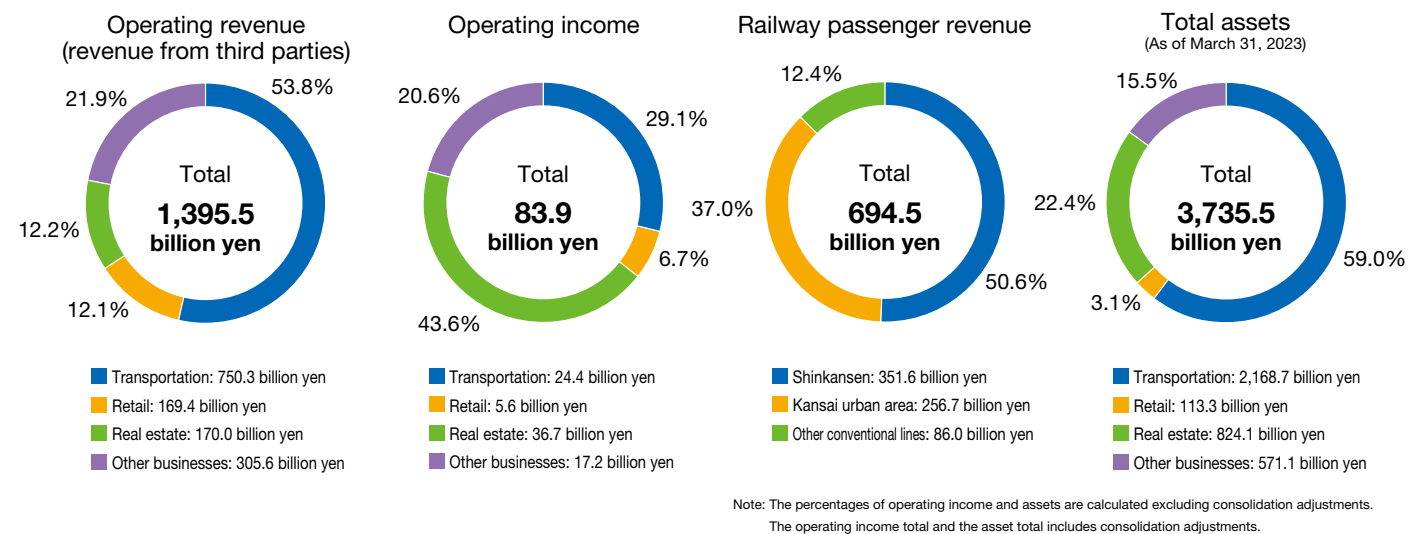
# JR-West Group business overview

Consolidated segments As of March 31, 2023 Note: New business segments have been adopted from fiscal 2024.



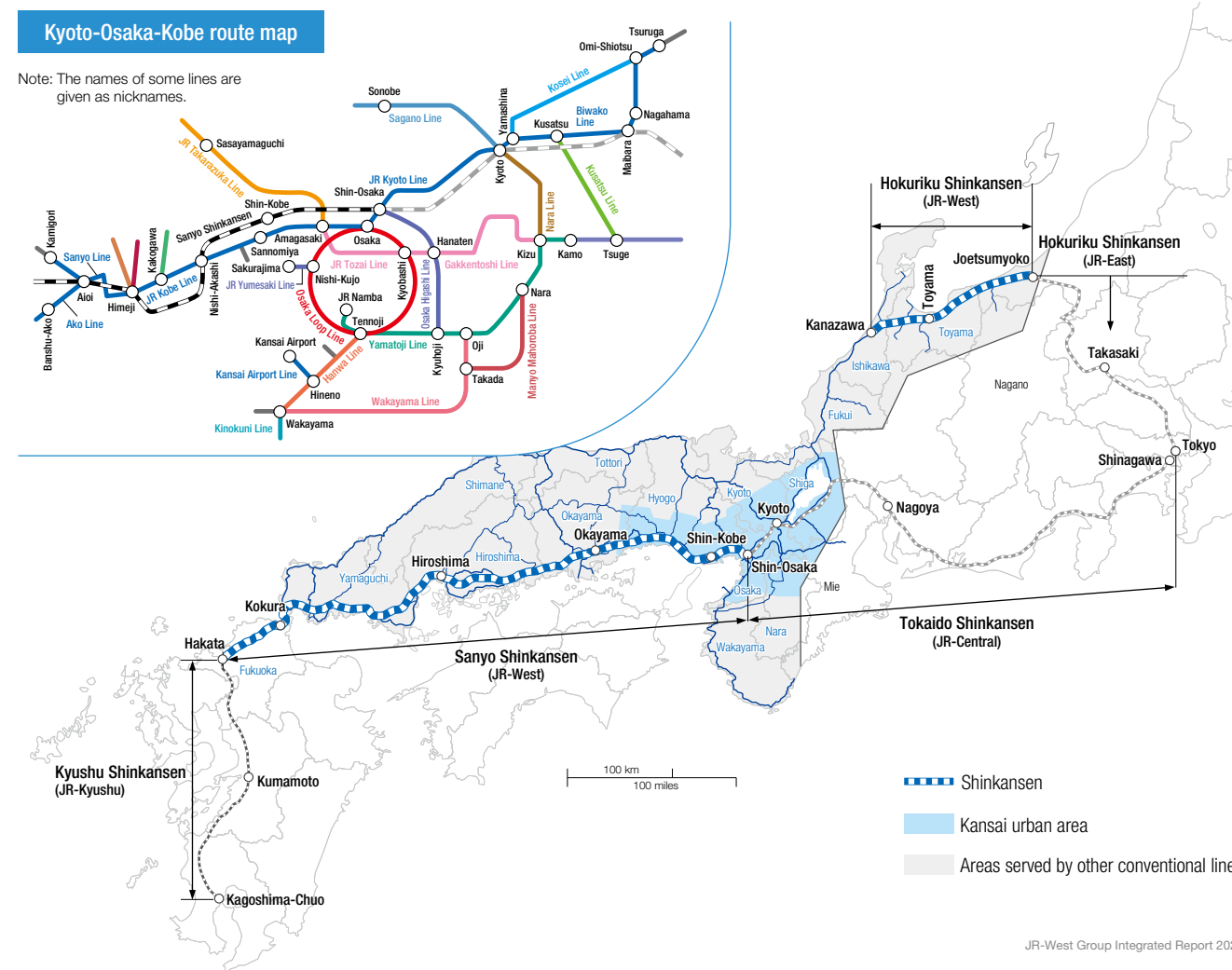
## Revenue composition

Fiscal year ended March 31, 2023



## Railway service area

As of March 31, 2023



Strategy by business  
Mobility service

# Mobility

Besides our railway business, we operate other transportation services such as buses and ferries, as well as carry out railway-related construction work and building. 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.

## Strengths

### 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

## How we are achieving our vision and management plan

### Working with communities to create easy-to-use, sustainable transport systems

#### Practical application of autonomously driven caravan BRT (bus rapid transit)

For local train lines that are experiencing low ridership, considering issues like community development and the characteristics and mobility needs of communities surrounding these lines, we are seeking solutions by engaging in dialogue with regional stakeholders. This would allow us to ensure the continuation of passenger services by, for example, adopting a two-tiered system in which train operations and railroad infrastructure are handled by separate entities. We are also developing solutions for a range of means of transportation, utilizing the power of our innovation to contribute to realizing sustainable transport systems.



#### Autonomously driven caravan BRT

We are in the midst of acquiring technologies for autonomously driven caravan BRT systems, which we aim to offer to the general public in future. This will realize next-generation mobility services in the form of sustainable local transportation that is linked to urban development.

In November 2022, an agreement was signed between Hiroshima University, Higashihiroshima city, and JR-West under which the parties jointly conduct research and demonstration experiments towards the possible introduction of a BRT, and form policy covering this.

A dedicated test course was opened in October 2021 (in Yasu, Shiga) and demonstration experiments conducted there were completed in July 2023. The next step towards actual public implementation of the BRT began in November 2023 with demonstration experiments on public roads in Higashihiroshima.

## Business development

### Shinkansen (bullet trains)

#### Sanyo Shinkansen



Route  
Shin-Osaka-Hakata

Start  
1972 for Shin-Osaka-Okayama  
1975 for Okayama-Hakata

#### Hokuriku Shinkansen



Route  
Joetsumiyoko-Kanazawa

Start  
2015 for Joetsumiyoko-Kanazawa  
Spring 2024 for Kanazawa-Tsuruga

### Conventional lines

#### Kansai urban area



#### Other lines



## Railway transportation data (FY2023)

Total route length (km)	Number of passengers (million)	Passenger-kilometers (million)	Number of stations
<b>Total: 4,903.1</b> Shinkansen: 812.6 Conventional lines: 4,090.5	<b>Total: 1,641</b> Shinkansen: 68 Conventional lines: 1,588	<b>Total: 47,892</b> Shinkansen: 16,293 Conventional lines: 31,598	<b>Total: 1,174</b>

## Strategies

### Enhancing safety

- With the Fukuchiyama Line derailment accident as our starting point, we sincerely and tirelessly pursue safety P21

### Energization and structural reform of our railway business

- Enhance wide-area railway networks centered on the Shinkansen P29
- Further evolve the Kansai urban network P30
- Enhance railway services that enrich mobility and life
- Boost productivity through reform of work processes P30

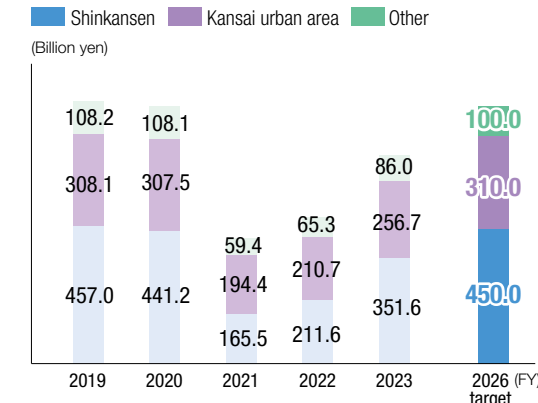
### Working with communities to create easy-to-use, sustainable transport systems

### Setting sustainable fares and fees commensurate with efforts to improve safety and services

- Revise fares within the scope previously reported to authorities, based on factors like the competitive environment
- Simplify the fare and fee system and set prices flexibly in response to demand
- Have ongoing discussions with relevant organs regarding a system for sustainable fares and fees

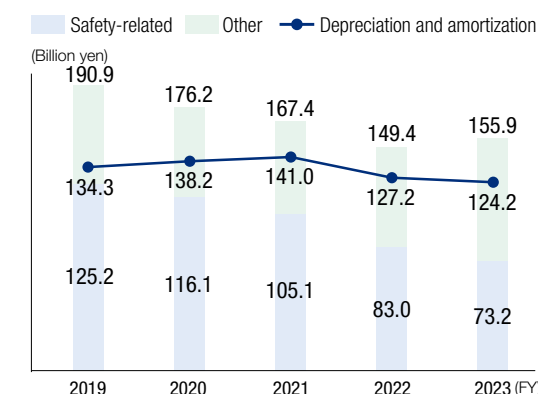
## Performance

### 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)







# 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. We continue to improve our capabilities to respond meticulously to customers' everyday needs so that we can help everyone attain a pleasant, convenient, and abundant life.

## Strengths

### 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 station, Kyoto 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, including prompt serving of customers, creating shops in limited spaces, safety, etc.

## How we are achieving our vision and management plan

### Creating the future of lifestyles and travel for customers by generating new added value through collaboration and challenge

#### Starbucks opens at west exit of JR Kyoto Station

We have teamed up with a range of partners, including Seven-Eleven Japan and Uniqlo, to jointly create new value. West Japan Railway Food Service Net Company has signed a licensing agreement with Starbucks Coffee Japan to open up its first Starbucks shop in October 2023 in Kyoto Station. Through this collaboration, we are accelerating our response to a changing market structure and the pandemic's transforming of people's habits towards creating a sustainable, vibrant future.

We are striving to improve our capabilities to make stations more appealing by responding meticulously to customers' everyday needs so that we can help enrich their lives with kindness and convenience.

## Business development

Convenience stores Gift shops		Seven-Eleven franchised stores <b>447</b>
Property development		Eki Marché <b>3</b>
Food services		Directly managed stores <b>92</b> (Deli Café, Menya, others)
Fashion items		Directly managed stores <b>37</b> (including 3 Uniqlo franchised stores)
Accommodation-oriented budget hotels		Existing facilities <b>25</b> New openings November 2022: Via Inn Prime Akasaka September 2023: Via Inn Prime Sapporo-Odori* *First Via Inn in Hokkaido
Department store		Opened <b>1997</b> Number of customers <b>19 million</b> (FY2023)

## Strategies

### Improving competitiveness through external collaboration

- Further expand franchised stores (Seven-Eleven, Starbucks, Uniqlo, etc.)
- Improve store operation capabilities to maximize alliance effectiveness

### Refining existing stores

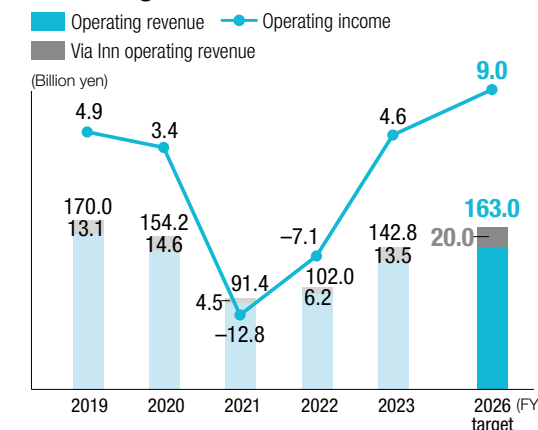
- Discover and commercialize local products, and take advantage of the upcoming Expo 2025 to strengthen the gift shop business through external collaboration
- Increase efficiency of store operations with digital technology
- Optimize merchandising through renovation at stations in each area

### Rebuilding the Via Inn brand

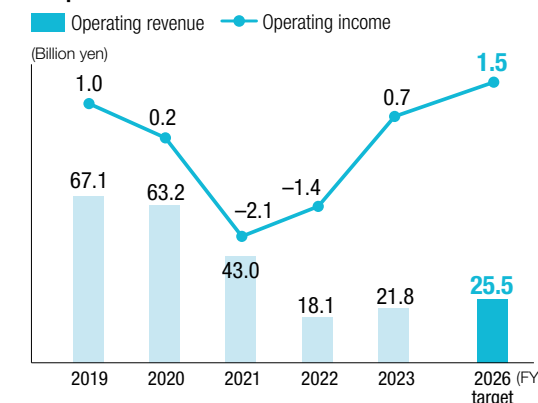
- Improve quality of service through the launch of Via Inn Prime and promote strategic branding of the entire chain
- Raise profitability by improving price management

## Performance

### 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).



# Hotels; travel and regional solutions

## Hotels

The hotel business provides comfortable stays to meet a widening range of guest needs.

### Strengths

#### 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

## Travel and regional solutions

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.

### Strengths

#### 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

### How we are achieving our vision and management plan

Creating connections with people and make travel appealing, provide hospitality with bright smiles and teamwork, and help boost the city's value

## The Osaka Station Hotel, Autograph Collection, opening in summer 2024



1st floor main entrance (artist's conception)



The Osaka Station Hotel, Autograph Collection, a new hotel brand presented by JR-West Hotels, is scheduled to open in summer 2024. It is located in the JP Tower Osaka, which is under development in the area west of Osaka Station. Made possible through an alliance with Marriott International, it will enhance the overall status of the JR-West Group's hotel brands and offer high-value-added service. Easily accessible from Osaka Station, it will be a new tourism hub in western Japan and provide services that seamlessly connect people to people, and people to Osaka.

### Business development

Hotels		<b>5 facilities</b>	<ul style="list-style-type: none"> <li>● Flagship brand of JR-West Hotels</li> <li>● Provides high-quality rooms and services to hotel guests. An urban hotel offering restaurants and banquet space</li> </ul>
		<b>4 facilities</b>	<ul style="list-style-type: none"> <li>● High-class accommodation-oriented hotel</li> </ul>
			<ul style="list-style-type: none"> <li>● Known as the "state guesthouse of the Kansai region," as it was formerly used as a state guesthouse</li> </ul> <p><small>Note: Wholly owned JR-West subsidiary as of 2018</small></p>
			<ul style="list-style-type: none"> <li>● Spacious rooms, ample shared facilities, and contemporary, casual design and services</li> <li>● The stay itself is the focus <small>Note: Non-consolidated</small></li> </ul>

### Strategies

Carrying out branding and striving to make Granvia hotels recognized for their superb cuisine and other high-value-added services

#### New brand hotels

- Offer a unique and timeless travel experience with The Osaka Station Hotel, Autograph Collection, an alliance with Marriott
- Make the hotel a symbol that enhances the status of the entire brand

#### Rebuild value of existing store brands

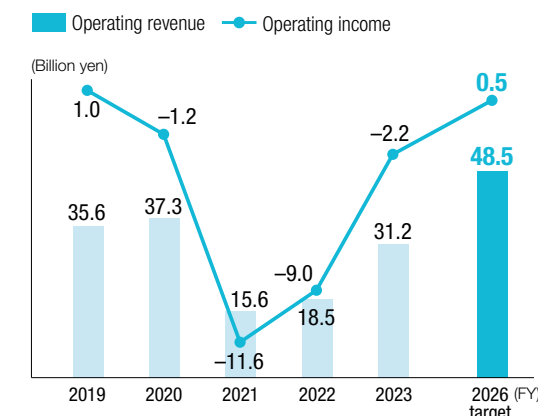
- Rebuild brand in conjunction with The Osaka Station Hotel, Autograph Collection
- Differentiate the brand and improve level of service by focusing on Granvia's superb cuisine, and appropriately manage prices
- Offer extraordinary experiences that show customers how charming travel and locales can be

#### New hotel opening in the new Hiroshima Station building

- Provide refined facilities as a base for quality travel
- Respond to a wide range of needs by collaborating with surrounding group hotels

### Performance

#### Hotel business



## Travel and regional solutions



Founded in 1905\*  
\*Subsidiary as of 2002  
Number of stores in Japan: 55  
(As of August 31, 2023)

### Tourism

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

### Solutions

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

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

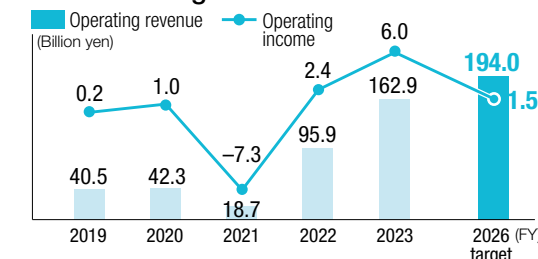
#### Tourism

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

#### Solutions

- Use Nippon Travel Agency's knowhow in taking on tourism-related or public-sector business
- Expand business domains through tie-ups with alliance partners

#### Travel and regional solutions



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



Strategy by business  
Life design

# Real estate lease and sales; shopping centers

Our real estate business concentrates on stations and along train lines, operating station buildings and shopping centers, leasing 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.

Strengths

### 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

### How we are achieving our vision and management plan

## Further boosting local value through more opportunities for city development

### Start of private REIT (real estate investment trust)



#### Portfolio building policy

By area		By use	
	Target investment ratio		Target investment ratio
Along JR-West railway lines	70% or more	Offices, residences, commercial facilities, hotels	70% or more
Tokyo metropolitan, other areas	30% or less	Logistics facilities, healthcare facilities, other	30% or less

In June 2023 we created a private REIT, which we launched in September. Although in the past we have contributed to boosting local value through opportunities for city development, with this newly formed private fund and REIT, and expansion of our expertise in real estate securitization, we can increase and further develop our real estate holdings, and create opportunities for city development. As well, by managing these assets, we gain new revenue streams and recombine capital, thus boosting capital efficiency.

### Business development

**Real estate lease and sales**

**Housing sales**

- Condominiums
- Detached houses

Brands

J.Gran Kyoto Nishi-oji (to be completed in March 2024)

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**Sales to investors**

- Private real estate fund, other

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

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**Lease**

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

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

---

**Station sites**

- Community hubs, tourism-centered, other

As of August 31, 2023  
**36 facilities**

Provide dining, fashion, and other high-quality goods and services that suit the locality

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

---

**City center**

- Lifestyle-needs shopping centers

As of August 31, 2023  
**4 facilities**

Sale of goods and food services, medical, educational, and other necessary lifestyle services, and a place for locals to gather

Tete Myodani (opened in June 2023)

### Strategies

#### Urban development by collaborating with local businesses and leveraging the strengths of our transportation network

- Create towns desirable to live and work in by utilizing our wide-area network

#### Strengthening management fields and improving asset efficiency

- Upgrade our property management system (become a management company capable of solving issues faced by tenants and building owners)
- Establish and expand scale of private REITs
- Collaborate with communities in private funds

#### Leveraging the power of our chain of shopping centers, create ones tailored to local characteristics and offer high-quality lifestyles to each and every customer

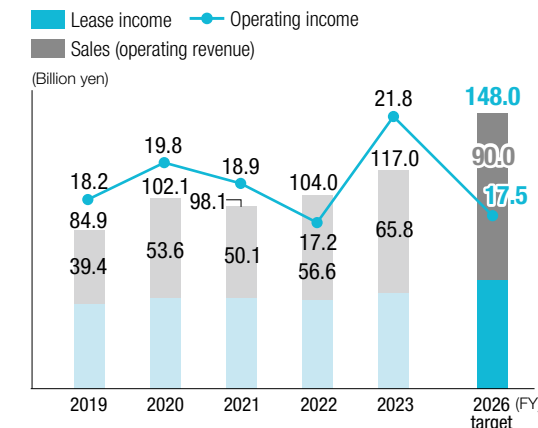
- Provide real-world content that aligns with changing consumption trends
- Expand and strengthen real-world and digital touchpoints to gain more customers
- Create shopping centers that reflect local characteristics

#### Further expanding districts to develop

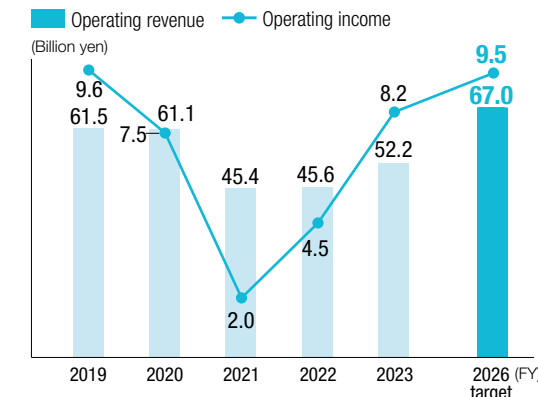
- Strengthen our organizational capabilities and achieve sustained growth through the accumulation of high-value-added real estate assets
- Accumulate know-how in logistics, healthcare, and other areas
- Expand assets in Tokyo metropolitan area and elsewhere

### Performance

#### 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).

# Sustainability initiatives

## JR-West Group's approach to sustainability

The JR-West Group develops various businesses such as wide-area infrastructure services, prioritizing safety above all, and has contacts with many customers and connections with communities. Based on Our Purpose, from the perspective of sustainability, which is important for sustainable social development and sustained corporate growth, we will face social challenges, evolve our connections, create social and economic value through our business, and contribute to the achievement of the SDGs.

### Sustainability promotion system

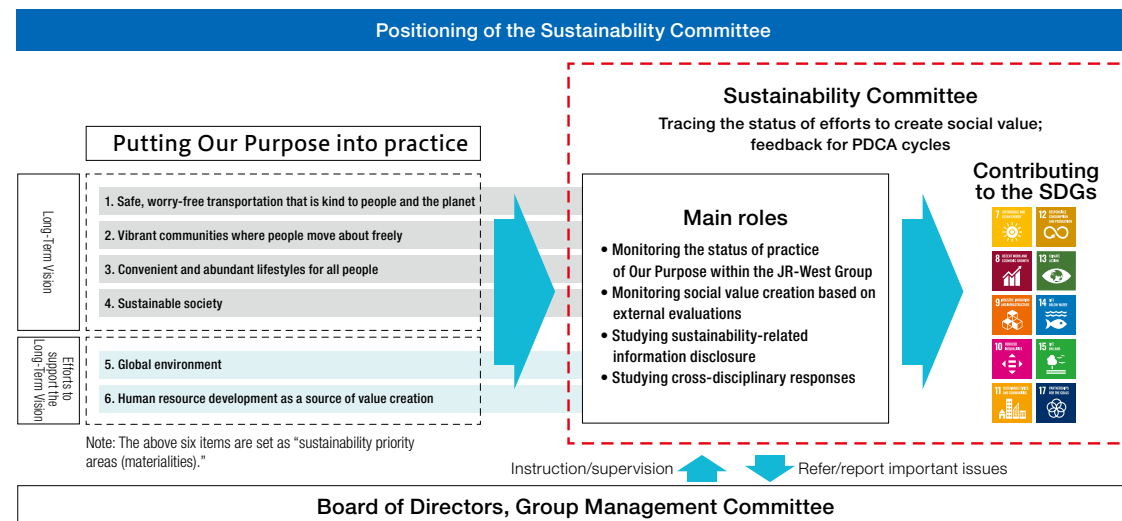
The Sustainability Committee discusses risks, opportunities, and initiatives related to sustainability. In principle, the committee meets twice a year, with the president as the chair and comprising executive directors in charge of Head Office departments and general managers of related departments in charge of sustainability initiatives and information disclosure. The contents of the deliberations are reported to and discussed at Board of Directors meetings, which are also attended by outside directors, to enhance the transparency of the efforts.

The JR-West Group has formulated a Long-Term Vision to achieve Our Purpose and set four social issues to focus on (safe, worry-free transportation that is kind to people and the planet; vibrant communities where people move about freely; convenient and abundant lifestyles for all people; and

a sustainable society).

We recognize the creation of social value in the JR-West Group means putting Our Purpose into practice and realizing our Long-Term Vision. The Sustainability Committee comprehensively evaluates the status and challenges of these initiatives based on external evaluations and the degree of achievement of goals, and it provides necessary feedback to the main departments that run specific PDCA cycles.

We have set six priority areas for sustainability (materialities) with the addition of the "global environment" and "human resource development as a source of value creation," which are the foundations for tackling social issues listed in the Long-Term Vision.



### Third-party ESG evaluations

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

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

THE INCLUSION OF West Japan Railway Company IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF West Japan Railway Company BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI, MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES



### Identifying sustainability priority areas (materialities)

From the perspective of effectively utilizing limited resources, we discussed at the management level the priority areas (materialities) that are particularly relevant to our company's corporate value enhancement. In identifying the materialities, we studied social issues, created a candidate list, and evaluated them on two axes: social value (impact on society) and economic value (impact on JR-West), extracting issues with high social and economic value.

Based on the discussions held to formulate Our Purpose, Long-Term Vision, and Medium-Term Management Plan, we set the materialities in conjunction with the issues of the "global environment" and "human resource development as a source of value creation" to support the realization of the four priority issues (= Long-Term Vision), in anticipation of the emergence of various social issues in the next 10 years.

#### Specific process leading to materiality identification



**STEP 1 / STEP 2**

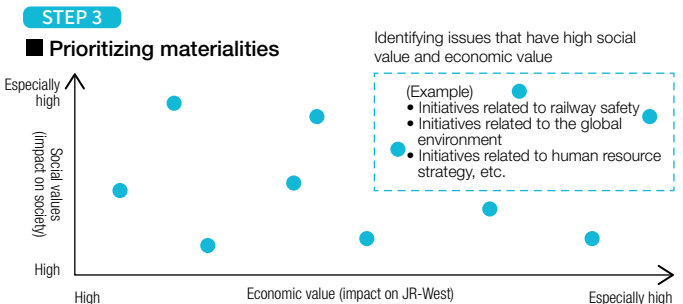
**Listing materiality candidates**

**Identification of social issues based on ESG external evaluation items and ESG disclosure standards (example)**

	E (environment)	S (social)	G (governance)
FTSE	<ul style="list-style-type: none"> <li>Biodiversity</li> <li>Climate change</li> </ul>	<ul style="list-style-type: none"> <li>Customer responsibility</li> <li>Human rights and the community</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption</li> <li>Transparency of taxes</li> </ul>
SASB Standards	<ul style="list-style-type: none"> <li>Greenhouse gas emissions</li> <li>Energy management</li> </ul>	<ul style="list-style-type: none"> <li>Product and quality safety</li> <li>Employee health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Business ethics</li> <li>Critical incident management</li> </ul>

**Identification of social issues based on the SDGs (example)**

Relevance to JR-West Group businesses	E (environment)	S (social)	G (governance)
Especially high	<ul style="list-style-type: none"> <li>Climate change measures</li> <li>Conserving marine resources</li> </ul>	<ul style="list-style-type: none"> <li>Employment and motivating work</li> <li>Sustainable tourism</li> </ul>	<ul style="list-style-type: none"> <li>Efficient public-private-civil society partnerships</li> </ul>
High	<ul style="list-style-type: none"> <li>Ensuring the sustainability of water and sanitation</li> <li>Securing sustainable energy</li> <li>Preventing loss of biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring women's participation and equal leadership</li> </ul>	
Low		<ul style="list-style-type: none"> <li>Poverty eradication</li> <li>Ensuring healthy lives</li> <li>Ensuring high-quality education</li> </ul>	



- STEP 4**
- 6 materialities**
- Long-Term Vision**
- Safe, worry-free transportation that is kind to people and the planet
  - Vibrant communities where people move about freely
  - Convenient and abundant lifestyles for all people
  - Sustainable society
- Efforts to support the realization of the Long-Term Vision**
- Global environment
  - Human resource development as a source of value creation





# Coexistence with communities

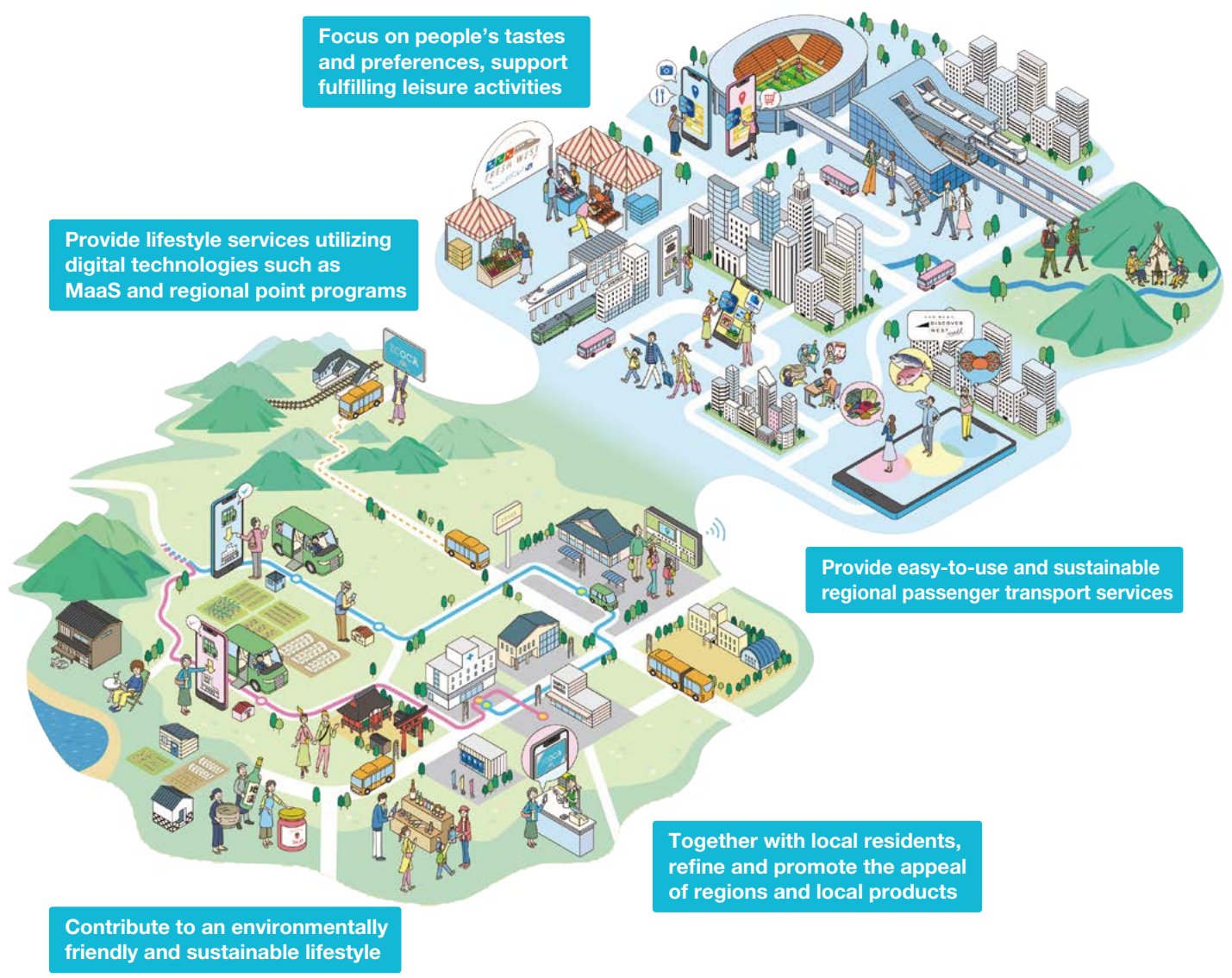
## JR-West Group's approach to coexistence with communities

The JR-West Group has been working with local communities along its train lines to develop areas into places where people want to visit and live through the revitalization of local industries and the enhancement of local resources.

With the rapid changes in lifestyle in recent years, there is a greater need to create prosperous communities that match the circumstances of each area along our lines and to create vibrant local economies that are resilient to disasters and environmental changes.

Through the Group's businesses, we play a role in connecting people, connecting people to communities, connecting real places such as stations and towns to digital information, and connecting communities along our lines.

By providing solutions that help revitalize each region, we will resolve community issues and realize lifestyles of well-being.



## Together with local residents, refining and promoting the appeal of regions and local products

We are working with local communities to bring to light and enhance attractive products that are unique to western Japan. Our directly managed online shop Discover West Mall sells these "treasures" nationwide. We also operate Fresh West, a brand of local products that are delivered to customers on the same day they are made or caught via Shinkansen or limited express trains. We also sell local products at Marché stores in our major stations.

Through these efforts, we contribute to the revitalization of local economies by expanding sales channels. Moreover, by directly or indirectly communicating the environment in which these products are cultivated and the voices of producers to consumers, we hope to inspire people to visit and support these regions. The aim is to increase the non-resident population of these regions and thereby contribute to the creation of sustainable communities.



Holding OMO (online merges with offline) events where you can buy products from all over western Japan, and obtain benefits by becoming a WESTER member



Creating new value with high-speed, low-vibration, same-day delivery. This also helps address the so-called 2024 problem in the Japanese logistics industry.

## Developing community businesses

We are working with local residents to resolve issues such as attracting more tourists, promoting regional development, and revitalizing local transportation through business methods. Utilizing the strengths of the JR-West Group in the field of mobility services and life design, as well as its networking and information dissemination capabilities within and outside the area, we contribute to the creation of sustainable and vibrant communities by cooperating with local residents, governments, and businesses.



The Chugoku Transport & Tourism Bureau, the Setonaikai Kisen Group, and the JR-West Group have collaborated to introduce Sea Spica, a high-speed sightseeing cruise ship. Sea Spica was used to transport VIPs at the G7 Hiroshima Summit in 2023.



In cooperation with local residents, we aim to attract tourists and revitalize regional transportation by introducing sightseeing XR buses when the Hokuriku Shinkansen starts operating in Fukui and Tsuruga.

## Providing digital lifestyle services such as MaaS and regional points

We use ICOCA to offer point services that can be issued and used only in specific regions.

In addition to shopping at member stores, points can be awarded in return for participation in local volunteer and eco activities. These not only stimulate economic circulation in the region, but also contribute to creating connections within the region. The unique ICOCA ID can be linked to administrative measures; for example points can be given to specific citizens for things like childcare benefits. Even people who do not live in the region can receive points on their ICOCA, so for example, by combining the scheme with tourism, people, goods, and money

from outside the region can be expected to flow into the region.

These efforts promote digital transformation that supports communities and citizens, contributing to the realization of more vibrant communities.



Municipality-original ICOCA card  
Note: Image shows original ICOCA card of Nimi City, Okayama Prefecture.



Nimi city's community bus allows ICOCA payments



# Global environment



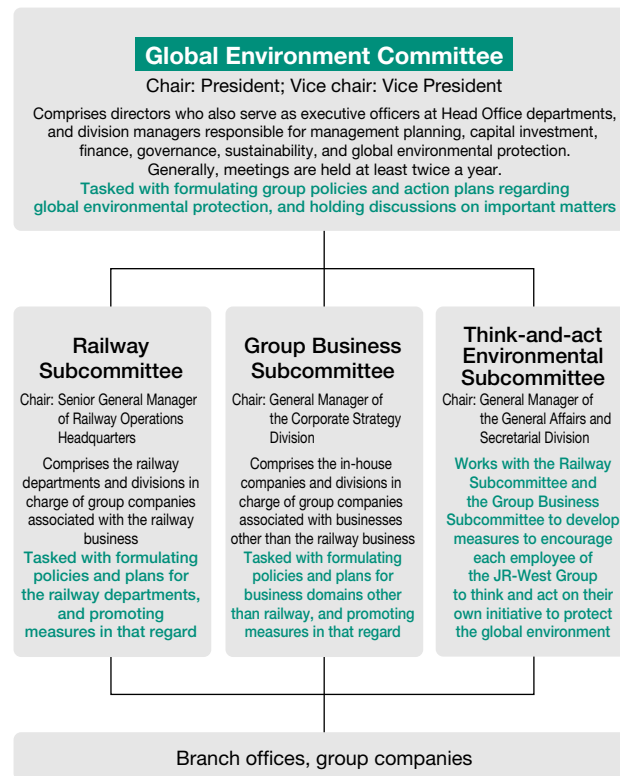
## JR-West Group's approach to protection of the global environment

As a corporate group that supports social infrastructure, the JR-West Group has a long-term vision under which it strives to help achieve safe, worry-free transportation that is kind to people and the planet, and a sustainable society. We continue to work towards sustainability through environmental conservation and other ways.

Speaking of the environment, the world has accelerated efforts to move to a decarbonized society in the face of global warming and climate change, and the pace at which it works to protect natural capital such as water and ecosystems. We consider combatting climate change a crucial management task in order to continue doing business. We will therefore avert climate-related risks, improve the railway's strength as an environmentally friendly mode of transport, and spread the word about how green railways are among customers and communities. These efforts will affect change towards a decarbonized society and create opportunities that we will take full advantage of by focusing our Group's business on contributing to a sustainable society.

### Systems for environmental protection

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 set medium-term environmental goals for fiscal 2023. We succeeded in meeting all of the goals we set for fiscal 2023.

<p><b>Energy intensity (vs. FY2014)</b></p> <p>FY2023 target: -3.0% FY2023 results: -5.0%</p>	<p><b>Percentage of energy-efficient railcars</b></p> <p>FY2023 target: 88.0% FY2023 results: 91.2%</p>	<p><b>Station and onboard garbage recycling rate</b></p> <p>FY2023 target: 96.0% FY2023 results: 99.7%</p>
<p><b>Railway material recycling rate (facility construction)</b></p> <p>FY2023 target: 97.0% FY2023 results: 97.9%</p>	<p><b>Railway material recycling rate (rolling stock)</b></p> <p>FY2023 target: 92.0% FY2023 results: 96.6%</p>	<p><b>Promote environmentally friendly stations and office facilities</b></p>

## JR-West Group Basic Environmental Policy

The JR-West Group Basic Environmental Policy was created so that we could be a corporate group supporting social infrastructure that contributes to the realization of safe, worry-free transportation that is kind to people and the planet, and a sustainable society. As pillars of the policy, the JR-West Group and the respective JR-West in-house companies have set environmental goals in three areas—global warming prevention and climate change action; contributing to the creation of a circular economy; and living in harmony with nature—which they are all working together to achieve.



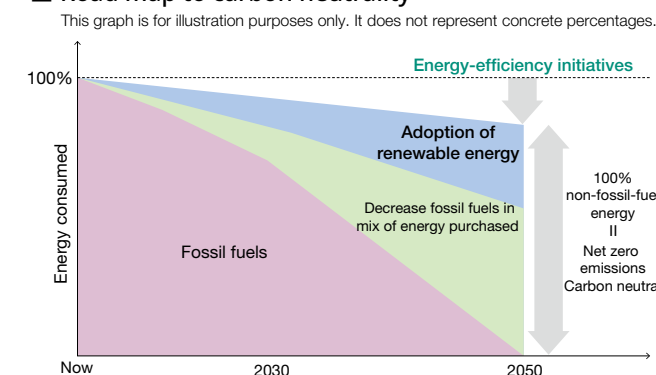
## Global warming prevention and climate change action

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

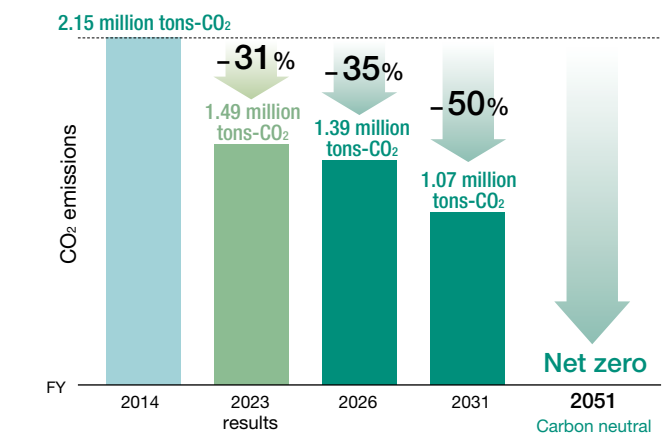
Understanding that our businesses emit a large amount of CO<sub>2</sub> and responding to climate change—such as intensifying natural disasters, caused by global warming—are important management issues that must be addressed for the JR-West Group to continue doing business. In recognition of the need 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. The goal for overall group CO<sub>2</sub> emissions (scope 1 and 2, consolidated) has been set at net zero by 2050. As an intermediate goal, we have set an emissions reduction of 35% by fiscal 2026 and 50% by fiscal 2031 (against fiscal 2014).

To achieve these goals and move towards a decarbonized society, besides decreasing fossil fuels in the mix of energy that we purchase, we will utilize energy efficiency in order to decrease the overall amount of energy we use, and we will replace conventional energy forms with renewable energy.

### Road map to carbon neutrality



### JR-West Group CO<sub>2</sub> emissions reduction targets (Scope 1+2, consolidated)



### Scope 3 CO<sub>2</sub> emissions

	FY2022*1	FY2023
Non-consolidated	1,727 million tons-CO <sub>2</sub>	1,799 million tons-CO <sub>2</sub>
Group companies*2	1,194 million tons-CO <sub>2</sub>	1,345 million tons-CO <sub>2</sub>
<b>Total</b>	<b>2,921 million tons-CO<sub>2</sub></b>	<b>3,144 million tons-CO<sub>2</sub></b>

Scope 1 Total CO<sub>2</sub> 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<sub>2</sub> equivalent mass for leaked fluorocarbons)

Scope 2 Total CO<sub>2</sub> emitted indirectly by the JR-West Group from the use of power and heat purchased from power companies and others

Scope 3 Total CO<sub>2</sub> emitted from other companies in relation to the JR-West Group's business activities (indirect emissions other than Scope 1 and Scope 2)

\*1 Values differ from those released in the previous fiscal year due to changes in the boundaries of group companies and category 1 emission intensity, and the addition of a category in the calculations. (Refer to Non-financial Data on pages 91 and 92.)

\*2 Scope of calculation for group companies: All consolidated subsidiaries and one group company with particularly large energy consumption (Osaka Energy Service Co., Ltd. [affiliate accounted for under the equity method]).



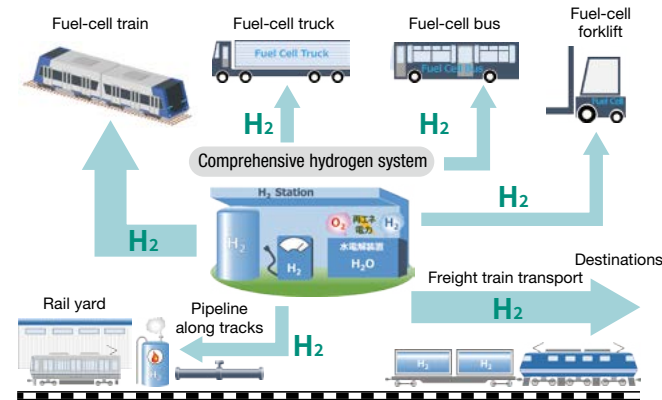
## Global environment

### Working with local communities and society to achieve decarbonization

#### Studying utilization of hydrogen

The JR-West Group is studying establishing a comprehensive hydrogen system within our train stations and other railway assets, and how to use this system as a base for supplying hydrogen to fuel-cell trains, buses, trucks, and cars, and as a means to transport the hydrogen. Through cooperation with local governments and businesses in utilizing hydrogen, we can realize a green, sustainable transportation network, and our group can provide a platform for hydrogen in the supply chain, allowing us to disseminate the use of hydrogen in different regions and contribute to the reduction of CO<sub>2</sub> emissions.

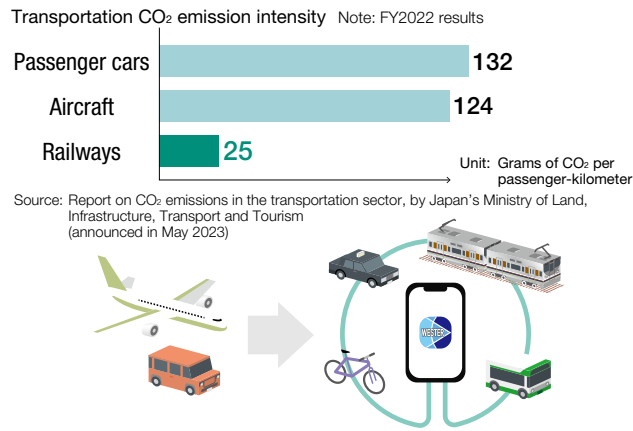
#### Hydrogen utilization plan



#### Encouraging passenger modal shifts

To make Japan's transport sector decarbonized, it is essential to reduce carbon emissions in the various modes of transport, and at the same time shift to railways and other low-carbon transport mechanisms. With this in mind, we are striving to achieve a passenger modal shift by, for example, making trains and other public transportation more convenient through MaaS apps, and publicizing the environmental friendliness of trains as transport modes within and between cities.

#### CO<sub>2</sub> emissions by mode of passenger transport



### Utilizing renewable energy

#### Incorporating electricity from renewable energy into the Shinkansen, Osaka Loop Line, and JR Yumesaki Line

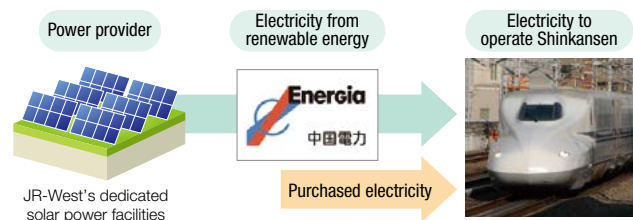
We are in the process of using more electricity from renewable energy to operate trains. For example, this renewable energy will be provided through an off-site corporate PPA (power purchase agreement) to the Shinkansen, a high-speed railway that transports between cities and is JR-West's key line, as well as the Osaka Loop Line and the JR Yumesaki Line, both of which will provide the main access to Expo 2025.

The percentage of renewable energy will be increased in stages, with a fiscal 2028 target of renewable energy accounting for 10% of the Shinkansen's operational power and 100% of the JR Loop Line's and JR Yumesaki Line's power.

#### KPIs (key performance indicators)

Electricity from renewable energy as percentage of all power to operate trains	
FY2026	Shinkansen: 6% Osaka Loop Line and JR Yumesaki Line total: 60%
FY2028	Shinkansen: 10% Osaka Loop Line and JR Yumesaki Line total: 100%

#### Off-site corporate PPA for Shinkansen



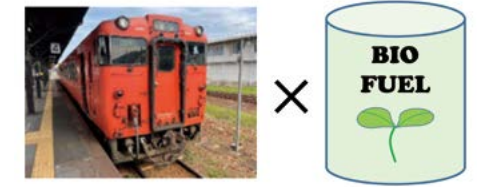
#### CO<sub>2</sub> reductions resulting from use of renewable energy

	CO <sub>2</sub> reduction (after renewable energy)	Procurement method
Shinkansen	Approx. 61,000 tons-CO <sub>2</sub> /year	PPA with the Chugoku Electric Power Co., Inc.
Osaka Loop Line, JR Yumesaki Line	Approx. 32,000 tons-CO <sub>2</sub> /year	PPA with the Kansai Electric Power Co., Inc.; non-fossil fuel certified electricity

### Towards implementation of next-generation biodiesel

In fiscal 2023, JR-West began demonstration experiments as 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. We are participating through joint technological development of seven JR companies and the Railway Technical Research Institute. This initiative aims to develop technologies towards using biodiesel to power trains. With the goal of having biodiesel power 100% of the JR-West's diesel railcars, we will start trial operation on the San-in Line in fiscal 2024, continue with long-term trials in fiscal 2025, and implement biodiesel on public-use trains in fiscal 2026.

#### Diesel train and biofuel (artist's conception)



#### KPIs

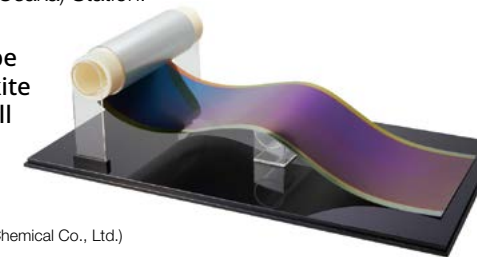
Practical use of next-generation biodiesel in trains

FY2026: Implementation in diesel trains

### Generating more energy on group sites and other land

For the Umekita area of Osaka Station, scheduled to be fully open in 2025, we plan to use regional heating and cooling systems, energy-efficient light such as LED and natural light, and have 100% of power used come from renewable energy. Besides these efforts towards decarbonization, we also plan to create energy jointly with Sekisui Chemical Co., Ltd. through the installation of that company's film-type perovskite solar cells in Umekita (Osaka) Station.

#### Film-type perovskite solar cell



(Photo: Sekisui Chemical Co., Ltd.)

### Further energy savings

Saving energy is a crucial part of achieving carbon neutrality. Since train operation accounts for a large part of energy consumption, we are striving to reduce this by shifting to energy-efficient railcars. In the past several years, we have achieved dramatic energy savings with the introduction of such railcars as the 323 series (Osaka Loop Line, JR Yumesaki Line), 227 series (Wakayama Line, Manyo Mahoroba Line, Kinokuni Line), 271 series (Haruka express), and N700S Shinkansen (Sanyo Shinkansen). These trains incorporate SiC (silicon carbide) semiconductors, which achieve low power loss when turning on and off current in the VVVF inverter.

In addition, we are making station facilities more energy efficient by, for example, installing high-efficiency equipment, designing buildings to utilize natural light, and using dimmable lighting.

#### Osaka Station Umekita area (artist's conception)



#### Energy-efficient 271 series (Haruka express)



#### Energy-efficient N700S Shinkansen



#### KPIs

Energy-saving railcars as a percentage of total rolling stock

FY2026: 93%

FY2028: 95%

## Global environment

### Contributing to the creation of a circular economy

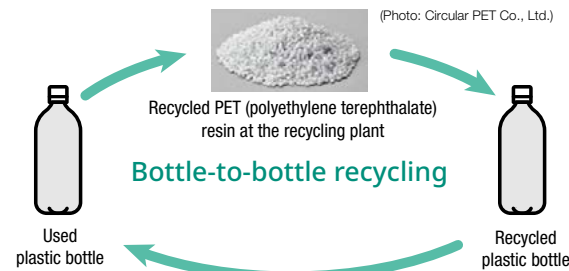
#### Horizontal recycling of plastic bottles

To help build a circular economy, we are conducting horizontal recycling\* of plastic bottles. To this end, we have signed an agreement with Circular PET Co., Ltd., which plans to build a horizontal recycling plant in Tsuyama, Okayama Prefecture for used plastic bottles. JR-West will provide the plant with a continuous supply of used plastic bottles.

We will begin supplying these used plastic bottles from our Osaka-area operations starting in fiscal 2024. The amount will be gradually increased towards a goal of horizontally recycling at least 50 tons of used plastic bottles annually by fiscal 2026.

\* Horizontal recycling is when a product is recycled to make the very same product. In this case, plastic bottles are recycled and this recycled material is used to make new plastic bottles, a process which is repeated over and over.

#### ■ Bottle-to-bottle recycling



#### ■ KPIs

##### Amount of used plastic bottles provided

FY2026: 50 t/year

#### Reducing plastic use at JR-West Hotels

West Japan Railway Hotel Development, Ltd. handles JR-West's hotel business. Of the hotels it manages, five locations of the Granvia Hotel, four Hotel Vischio, the Nara Hotel, and the Umekoji Potel Kyoto are aggressively working to reduce plastic items identified in Japan's Plastic Resource Circulation Act. For example, the hotels are replacing 10 plastic items including cutlery and toiletries in guest rooms with items made of environmentally friendly materials.

An example is straws. The hotels are switching to straws made of Kaneka biodegradable polymer Green Planet™, a product whose raw material is used vegetable oil and other cooking oil from the Hotel Granvia Kyoto. Green Planet™ is broken down by microorganisms in the soil and ocean and its content return to nature. Plus, it works for users just as well as plastic.

Other plastic products, including packaging material, also use biomass and recycled plastic. The goal for fiscal 2026 is to reduce plastic use by approximately 70% (against fiscal 2020). In addition, the hotels are gradually replacing the plastic water bottles in guest rooms with paper-made water containers.

According to Chiaki Fukushima, assistant manager, Brand Strategy Department, Company Headquarters, West Japan Railway Hotel Development, "We have been trying numerous ways to reduce plastic while still ensuring convenience and

ease of use for our hotel guests. We will continue not only reducing plastic but also being environmentally friendly in every way possible."



Listing the type of material used on packages shows customers that we are environmentally friendly



Water bottle made of paper

#### ■ KPIs

##### Reducing plastic product usage

FY2026 Use only plastic toiletries and other items made of **100%** environmentally friendly materials

Use less than 10 t/year of single-use plastic items (70% reduction against FY2020)

Completely eliminate plastic bottles as guest room water containers

\* Kaneka biodegradable polymer Green Planet™ is produced by a microorganism fermentation process in which vegetable oils are used as a raw material. It is biodegradable in soil and seawater and eventually degrades into CO<sub>2</sub> and water through the digestive process of microorganisms existing in the environment.

### Living in harmony with nature

#### Using less water / Business operations that help protect biodiversity

We are taking numerous steps to live in harmony with nature, particularly by establishing KPIs with regards to protecting water, a key natural capital. For example, we use factory wastewater and rain water, instead of our industrial water supply, for washing railcars; and we place less impact on the environment by switching from organic solvent-based paints to water-based paints.

Group company West Japan Railway Techsia Co., Ltd. has developed an electrolytic wastewater treatment system that treats wastewater using electrolysis to reduce sludge content by more

than 90% while also reducing electricity needed for treatment. This system is used not only at JR-West rail yards but also by other companies, thus making a major contribution to proper wastewater treatment, energy savings, and reduction of waste.

Besides our water resource efforts, in civil engineering, we have improved the method for collecting the alkaline contaminated water generated when removing concrete, thus minimizing the volume entering waterways. We also neutralize the wastewater through pH adjustment to protect the rivers that are home to the ayumodoki, a protected fish species in Japan.



Washing a Shinkansen car using factory wastewater



J-TREAT electrolytic wastewater treatment system (Photo: West Japan Railway Techsia Co., Ltd.)



Ayumodoki (*Parabotia curtus*), a protected species of Japan (Source: Chugoku-Shikoku Regional Environment Office, Ministry of the Environment)

#### ■ KPIs

##### Water used (Decrease per unit of consolidated net sales)

FY2026: 6.5 m<sup>3</sup>/million yen or less

### Medium-Term Management Plan 2025 and Long-Term Vision 2032 KPIs

Category	Indicator	Result for base year or latest fiscal year	Target
Group wide	CO <sub>2</sub> emissions (consolidated; Scope 1+2; vs. FY2014)	FY2014: 2.15 million t-CO <sub>2</sub> FY2023: 1.49 million t-CO <sub>2</sub> (vs. FY2014: -31%)	FY2026: 1.39 million t-CO <sub>2</sub> (vs. FY2014: -35%) FY2031: 1.07 million t-CO <sub>2</sub> (vs. FY2014: -50%)
	Amount of used plastic bottles provided	—	FY2026: 50 t/year
	Water used (per unit of consolidated net sales)	FY2023: 6.1 m <sup>3</sup> /million yen	FY2026: 6.5 m <sup>3</sup> /million yen
Railway company	Energy-saving railcars as a percentage of total rolling stock	FY2023: 91.2%	FY2026: 93% FY2028: 95%
	Energy intensity reduction rate (vs. FY2014)	FY2023: -5.0%	FY2026: -5.5% FY2028: -6.5%
	Electricity from renewable energy as percentage of all power to operate trains*1	FY2023: JR Yumesaki Line 100%	FY2026: Shinkansen 6%; Osaka Loop Line and JR Yumesaki Line total 60% FY2028: Shinkansen 10%; Osaka Loop Line and JR Yumesaki Line total 100%
	Practical use of next-generation biodiesel in trains	—	FY2026: Implementation in diesel trains
	Station and onboard garbage recycling rate	FY2023: 99.7%	FY2026: 99%
	Facility construction material recycling rate	FY2023: 97.9%	FY2026: 97%
Goods sales and food services company	Rolling stock material recycling rate	FY2023: 96.6%	FY2026: 95%
	Electricity consumed in convenience store and gift shop business (annual electricity consumed per unit of store floor space)	FY2022: 564 kWh/m <sup>2</sup>	FY2026: 553 kWh/m <sup>2</sup>
Hotel company	Reducing plastic product usage	Use of single-use plastic items FY2020: 36 t/year	FY2026: Plastic toiletries and other items*2 made of 100% environmentally friendly materials Use less than 10 t/year of single-use plastic items (vs. FY2020: -70%) Completely eliminate plastic bottles as guest room water containers
Shopping center company	CO <sub>2</sub> emissions (annual emissions per total sales floor space)	FY2022: 0.0334 t-CO <sub>2</sub> /annual sales hours x 1,000 m <sup>2</sup>	FY2026: 0.0321 t-CO <sub>2</sub> /annual sales hours x 1,000 m <sup>2</sup>
Real estate company	CO <sub>2</sub> emissions from rental properties (vs. FY2014)	FY2014: 58,000 t-CO <sub>2</sub>	FY2026: 44,000 t-CO <sub>2</sub> (vs. FY2014: -24%)

\*1 For Shinkansen, renewable energy as a percentage of total electricity for operating JR-West's portion of the Sanyo Shinkansen and Hokuriku Shinkansen.

\*2 Covers 10 plastic items (used in the hotel business) identified in Japan's Plastic Resource Circulation Act: cutlery such as spoons, and forks, and toiletries such as hair brushes.



# Global environment

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

### Basic approach

Realizing that environmental protection is an important management task, we have formulated the JR-West Group Basic Environmental Policy under which we pursue increasingly deeper initiatives from a long-run perspective.

Climate change is a particularly crucial issue, and our group understands that our business as a whole emits a large amount of CO<sub>2</sub> and recognizes 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 TCFD (Task Force on Climate-related Financial Disclosures). 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 those areas comprising our core businesses: railways, sales of goods and food services, hotels, shopping centers, and real estate.

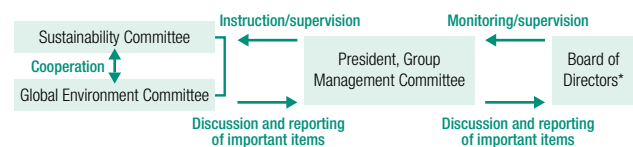
### Governance

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.

#### Global Environment Committee members and organization chart

Chair: President Vice chair: Vice president  
 Members: Directors who also serve as executive officers at Head Office departments, and division managers and in-house company heads responsible for management planning, capital investment, finance, governance, sustainability, global environmental protection, BCP, and information disclosure



\* 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 IPCC (Intergovernmental Panel on Climate Change), the JR-West Group has analyzed the risks and opportunities that climate change represents to the railway business.

We are aware of such risks as the heightened costs accompanying the introduction of carbon pricing, and increased damage brought on by more frequent typhoons and floods. 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 on pages 60 to 62. The analysis was conducted using a 1.5°C increase scenario (RCP1.9) and a 2°C increase scenario (RCP 2.6) in which society aggressively addresses climate change to prevent temperature rise; and a 4°C increase scenario (RCP 8.5) in which measures are insufficient to prevent a temperature rise. Note that the qualitative analysis is based on a 1.5°C increase scenario and a 2°C increase scenario.

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 CO<sub>2</sub> emissions\*<sup>2</sup> for the entire Group by 2050. We have set interim goals of reducing emissions by 35% by fiscal 2026 and 50% by fiscal 2031 (both against fiscal 2014 levels).

Towards these goals, as environmental protection initiatives under our Long-Term Vision and Medium-Term Management Plan 2025, we are further improving energy savings by, for example, introducing energy-efficient railcars, adopting power made from renewable energy, and implementing next-generation biodiesel. We are also striving to achieve a passenger modal shift by, for example, making trains and other public transportation more convenient through MaaS apps and publicizing the environmental friendliness of trains as transport modes within and between cities. It is all part of collaborative efforts with regions and communities to achieve a decarbonized society.

Going forward, the JR-West Group will take appropriate measures to address the risks and opportunities it has identified.

\*1 RCP: Representative concentration pathways  
 \*2 Scope 1 and Scope 2 emissions (consolidated)

### 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.

### 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 CO<sub>2</sub> emissions for the entire Group by 2050. We have set interim goals of reducing emissions by 35% by fiscal 2026 and 50% by fiscal 2031 (both against fiscal 2014 levels).

We believe that this is a level that will result in Japan meeting the goals that it has set for CO<sub>2</sub> 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.

## Qualitative analysis of risks and opportunities

### Risks recognized

\* Sales of goods and food services; SC: shopping centers

Type	Risk to the company	Impact	Major businesses that will be impacted					Measures							
			Railways	Sales/food	Hotels	SC	Real estate								
Risks associated with the transition to a decarbonized society (transition risks)	Heightened costs accompanying the introduction of carbon pricing	Large	○	○	○	○	○	<ul style="list-style-type: none"> <li>Promote energy-efficient rolling stock, energy-saving equipment, and energy-saving driving</li> <li>Use alternative fuels, switch electricity to renewable sources</li> <li>Transition to low-carbon equipment and facilities through the use of internal carbon pricing</li> <li>Install energy-efficient equipment (high-efficiency air conditioners, LED lighting, water-saving equipment, etc.)</li> <li>Decrease the amount of electricity purchased from retail electricity providers by incorporating solar power from on-site PPAs and other means</li> <li>Reduce basic contract fees by managing demand values through cooperation with tenants</li> </ul>							
	Increased green investment brought on by emissions controls	Large	○	○	○	○	○	<ul style="list-style-type: none"> <li>Respond to growing green investment through the issuance of green bonds</li> <li>Control development costs through open innovation and joint development with other companies</li> <li>Use subsidy systems from the government and other organizations</li> </ul>							
	Increased development costs to support next-generation technology		○	○	○	○	○	<ul style="list-style-type: none"> <li>Investment activities that take environmental values into account using internal carbon pricing</li> </ul>							
	Failed investment due to errors in assessing environmental values		○	○	○	○	○	<ul style="list-style-type: none"> <li>Use alternative fuels</li> <li>Study sustainable modes of transportation that are environmentally appropriate for the region</li> </ul>							
	Increased costs for procuring fossil fuels		○	○	○	○	○	<ul style="list-style-type: none"> <li>Control the cost of purchasing materials by updating equipment and reviewing facilities</li> </ul>							
	Increase in material prices due to suppliers passing on environmental costs through their pricing	Large	○	○	○	○	○	<ul style="list-style-type: none"> <li>Promote energy-efficient rolling stock, energy-saving equipment, and energy-saving driving</li> <li>Establish in-house systems and methods to respond to power shortage warnings</li> <li>Use subsidy systems from the government and other organizations (ZEH support project of the Sustainable Open Innovation Initiative, etc.)</li> </ul>							
	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"> <li>Achieve smart, green transport by using MaaS in urban areas and intercity transportation</li> <li>Consider sustainable transport systems that are environmentally appropriate for the region, in consultation with the region concerned</li> </ul>							
	Increase in construction costs with the dissemination of ZEH and ZEB		○	○	○	○	○	<ul style="list-style-type: none"> <li>Pursue business (new store set-up, etc.) from the perspective of the environment and ethical consumption</li> <li>Expand EV parking spaces so EVs can coexist with public transportation</li> <li>Adopt environmentally friendly product planning, construction planning, and equipment specifications (use solar power systems, make rooftop gardens, make wooden apartment buildings fire-proof)</li> <li>Use environmentally friendly sales promotion tools in model homes (use posters and banners made of green materials, buy environmentally friendly equipment, switch to digital pamphlets, etc.)</li> </ul>							
	Growth of ethical consumption in society		○	○	○	○	○	<ul style="list-style-type: none"> <li>Disclose information on the status of TCFD analysis and the JR-West Group Zero Carbon 2050 long-term environmental goals</li> <li>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</li> <li>Acquire more environmental certifications, such as DBJ (Development Bank of Japan) Green Building Certification, and publicize these</li> <li>Create environmentally friendly standard specifications</li> <li>Incorporate new technologies in collaboration with installation contractors</li> </ul>							
	Decline in the environmental preeminence of railways due to the electrification of automobiles	Large	○	○	○	○	○	<ul style="list-style-type: none"> <li>Publish information on JR-West safety initiatives, including planned suspensions of operations</li> <li>Provide information to customers in a timely and appropriate manner when train operations are suspended</li> </ul>							
Risks associated with the physical impact of climate change (physical risks)	Abnormal weather	Acute risks	Large	○	○	○	○	<ul style="list-style-type: none"> <li>Initiatives mainly in the railway business</li> <li><b>Measures to prevent flooding of railway facilities</b> <ul style="list-style-type: none"> <li>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</li> </ul> </li> <li><b>Weather disaster response system</b> <ul style="list-style-type: none"> <li>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</li> <li>Deploy radar rainfall monitoring systems on all conventional railway lines to improve safety in the event of localized heavy rainfall</li> </ul> </li> <li><b>Reinforcement measures of slopes on railway lines</b> <ul style="list-style-type: none"> <li>Reinforce sloping areas and establish drainage systems to improve safety and shorten times when operation is restricted, primarily in the Kyoto/Osaka/Kobe area</li> <li>Create slope disaster charts and utilize sensing technologies to understand slope deformation and enhance detection precision</li> </ul> </li> <li><b>Strengthening of railway track equipment</b> <ul style="list-style-type: none"> <li>Improve train operations' safety and durability by replacing old wooden sleeper sections with concrete ones</li> </ul> </li> <li><b>Planned suspensions of operations</b> <ul style="list-style-type: none"> <li>Implement planned suspensions of operations, including relocation of rolling stock, as necessary when large typhoons approach or make landfall</li> <li>Appropriately provide information regarding planned suspension and resumption of operations</li> </ul> </li> <li><b>Emergency response training</b></li> <li><b>Initiatives in each business</b> <ul style="list-style-type: none"> <li>Create a crisis management manual</li> <li>Ensure safe operation of business through proper shutdowns, and early or delayed openings or closings of stores</li> <li>Have BCP measures (supplies, BCP back-up power source, etc.) in place in new office buildings</li> <li>Install emergency equipment (water and flood gates, etc.), have back-up power, install cubicles on higher building floors</li> <li>Collaborate with local government to offer usage of buildings with floors and cubicles that don't flood, and elevated water tanks, for use as regional evacuation shelters (e.g., Machiya Building, Yokohama Portside Building)</li> <li>Use hazard maps to minimize risks and boost market competitiveness (e.g., do not put apartments on the first floor of buildings in areas in danger of flooding)</li> </ul> </li> </ul>							
									Increased damage to facilities due to the increasing frequency of typhoons and floods						
									More suspension of train operations and stoppage of business due to damage to facilities						
									Increased impact on trains and stoppage of business due to power blackouts						
									Material shortages due to disruptions in supplier logistics						
	Working environment	Chronic risks	Large	○	○	○	○	<ul style="list-style-type: none"> <li>Pursue initiatives to mitigate damage to railway facilities (stated above)</li> <li>Green rooftops and building walls, adopt heat-insulating materials</li> <li>Improve air conditioning efficiency by introducing regional heating and cooling systems</li> <li>Reduce energy consumption by installing high-efficiency air conditioners</li> <li>Expand measures to prevent damage from animals (install fences to keep deer from entering, develop sound equipment for repelling animals, improve vehicle obstruction guards, etc.)</li> <li>Step up food hygiene</li> <li><b>Measures to prevent heat stroke</b> <ul style="list-style-type: none"> <li>Prepare equipment to counter heatstroke, such as air-conditioned clothing, use the WBGT index, work in the morning and evening hours</li> <li>Equip crew compartments on railcars with air conditioners</li> </ul> </li> <li><b>Reconstruction of railway systems</b> <ul style="list-style-type: none"> <li>Reduce workload along railway lines through onboard and sensor-networked ground inspections, surveying with MMS technology, and the mechanization and automation of construction work</li> <li>Reduce workload along railway lines through the integration of functions into vehicles and the simplification of ground facilities</li> </ul> </li> </ul>							
									Increased damage insurance						
									Increased air conditioning costs due to rising temperatures						
									Increased damage from animals due to the expanding range of wildlife caused by decreased snowfall						
									Increase in the risk of food poisoning due to rising temperatures						
Increase in labor accidents such as heat stroke due to rising temperatures															
Increased cost of measures to prevent heat stroke															

## Global environment

### Opportunities recognized

\* Sales of goods and food services; SC: shopping centers

Type	Opportunities for the company	Impact	Major businesses that will be impacted					Seizing opportunities
			Railways	Sales/food*	Hotels	SC*	Real estate	
Resource efficiency	Reductions in CO <sub>2</sub> emissions and energy consumption by updating rolling stock and equipment to energy-efficient ones		○	○	○	○	○	<ul style="list-style-type: none"> <li>Accelerate the installation of high-efficiency equipment such as devices that utilize regenerative power, by using new subsidy programs and energy-saving facilities</li> <li>Install energy-efficient equipment when upgrading (high-efficiency air conditioners, LED lighting, water-saving equipment)</li> </ul>
	Equipment updates making effective use of government support systems such as tax incentives		○	○	○	○	○	<ul style="list-style-type: none"> <li>Use ZEH subsidy systems and other support from the Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry, and Ministry of the Environment</li> </ul>
Energy sources	Wider use of fuels with net-zero CO <sub>2</sub> emissions, fuel cells, and storage batteries through technological progress and reductions in pricing	Large	○	○	○	○	○	<ul style="list-style-type: none"> <li>Study new energy sources (next-generation biodiesel, carbon-free next-generation rolling stock, fuel-cell co-generation systems, etc.)</li> <li>Reduce the cost of installing storage batteries by utilizing national and local government grants</li> </ul>
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 environmental awareness of customers (modal shift)	Large	○	○	○	○	○	<ul style="list-style-type: none"> <li>Increase usage of trains and the JR-West Group's many other services by publicizing trains' environmental advantages and the Group's green initiatives</li> <li>Enhance secondary transport services linked with railway (park and ride, electric bicycle sharing services, etc.)</li> <li>Enhance services using digital technology</li> <li>Enhance MaaS (Kansai MaaS, WESTER MaaS app, etc.)</li> <li>Create synergy by offering public transport users the courtesy services of other JR-West Group businesses</li> </ul>
	Increased use due to the greater convenience of public transport associated with the proliferation of MaaS, and due to a growth in non-resident population	Large	○	○	○	○	○	
	Increasing the use of public transport and spreading the sharing economy		○				○	<ul style="list-style-type: none"> <li>Upgrade equipment and systems for bike sharing and other parts of the sharing economy</li> </ul>
	Spread of sustainable modes of transportation that are environmentally appropriate for the region	Large	○					<ul style="list-style-type: none"> <li>Cooperate with regional communities using demand-based transportation to make regional public transport more convenient</li> <li>Promote BRT development projects using self-driving and convoy driving technologies</li> </ul>
Market	Spread of sustainable modes of housing that are environmentally appropriate for the region						○	<ul style="list-style-type: none"> <li>Develop environmentally friendly housing (architectural planning, equipment specs, sales methods*)</li> <li>* e.g., save on building materials by reusing a model home for multiple properties; use VR to give prospective buyers virtual tour of housing units</li> </ul>
	Reduction of electricity procurement costs through expansion of renewable energy		○	○	○	○	○	<ul style="list-style-type: none"> <li>Study participation in renewable energy business</li> <li>Expand renewable energy use by installing solar power equipment through on-site PPAs that utilize building rooftops and idle land</li> </ul>
	Wider use of electricity with net-zero CO <sub>2</sub> emissions through technological progress and reductions in pricing						○	<ul style="list-style-type: none"> <li>Use 100% renewable energy for new lease properties</li> <li>Encourage customers and others to carry out ESG investing by acquiring environmental certifications such as the DBJ Green Building Certification</li> </ul>
	Acquisition of real estate that has low environmental impact and meets rental needs						○	
Resilience	Securing of revenue in the electricity supply and demand market using JR-West equipment		○				○	<ul style="list-style-type: none"> <li>Study participation in VPP (virtual power plant) business</li> </ul>
	Ensuring of reliability through successful BCP measures in the event of weather disasters so as to reduce suspensions of train operations and stoppage of business		○	○	○	○	○	<ul style="list-style-type: none"> <li>Pursue measures to mitigate damage to railway facilities (see previous page) and disclose related information</li> <li>Gain customers by developing real estate resistant to natural disasters</li> <li>Have BCP measures (supplies, BCP back-up power source, etc.) in place in new office buildings</li> <li>Install emergency equipment (water and flood gates, etc.)</li> </ul>
	Maintaining railway forests helps reduce CO <sub>2</sub> emissions and prevent disasters		○					<ul style="list-style-type: none"> <li>Ongoing forest conservation activities through Club J-WEST Forest</li> <li>Study the effective use of railway forests</li> </ul>

### 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 1.5°C/2°C scenario in which society acts

proactively to address climate change. The physical risks and impacts on transportation revenues are calculated based on 1.5°C/2°C and 4°C scenarios. (The results of the estimated impacts are shown in the chart on page 62.)

In particular, the physical risks and impacts on transportation revenues are greater in the 4°C scenario than in the 1.5°C/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	1.5°C/2°C scenario
Transition risks	Heightened costs accompanying the introduction of carbon pricing	IEA "World Energy Outlook 2021"	-	US\$ 140/t-CO <sub>2</sub> (2030, NZE scenario, developed countries) Exchange rate: US\$ 1 = ¥130
	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	1.5°C/2°C scenario
Physical risks	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	Approx. four times more frequent than current levels	Approx. 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	1.5°C/2°C scenario
Transition risks	Heightened costs accompanying the introduction of carbon pricing	-	+20 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	1.5°C/2°C scenario
Physical risks	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

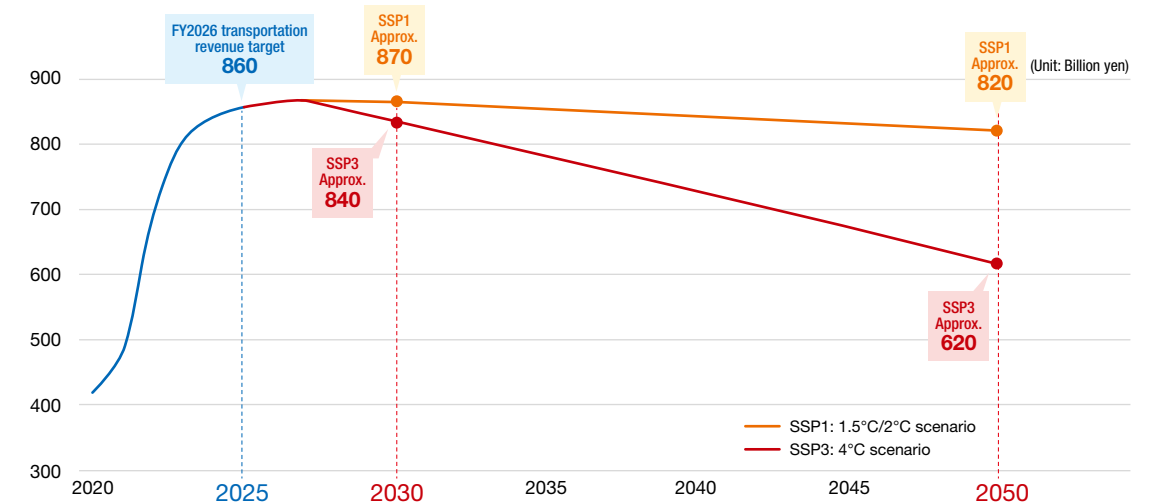
### Trial calculation of changes in rail transportation revenue

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 rail 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 1.5°C/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.







# Human resource strategy

The business environment surrounding the JR-West Group has changed significantly, and with the change in business strategy, our human resource strategy has also reached a major turning point.

In the Long-Term Vision and Medium-Term Management Plan 2025, we have set the challenge of expanding the life design field while improving the quality of business in existing fields, mainly in mobility services. With this business portfolio transformation, we will also greatly transform the portfolio of human resources, which drives our strategies, and transform ourselves into an organization comprising diverse human resources.

The JR-West Group believes that human resources are the largest source of all value. By maximizing their strength, we will realize Our Purpose and Long-Term Vision, grow into a corporate group that will create value on a sustained basis, and improve corporate value.

## Basic concept of human resource strategy

The three pillars of the JR-West Group's human resource strategy are human resource cultivation, diversity and inclusion, and work engagement.

To achieve a diverse human resource portfolio, we have defined the **human resources to be cultivated**, the **organization to be built**, and the **culture to be fostered**. We have formulated and are carrying out various initiatives based on the three pillars of the human resource strategy.

Through these initiatives, we support the growth of each group employee, build a human resource portfolio equipped with the ability to respond to and create change by enhancing diversity and job satisfaction, and maximize and bring together the power of each employee. This creates a virtuous cycle in which employees and the company grow together and continue to meet the expectations of customers and shareholders.

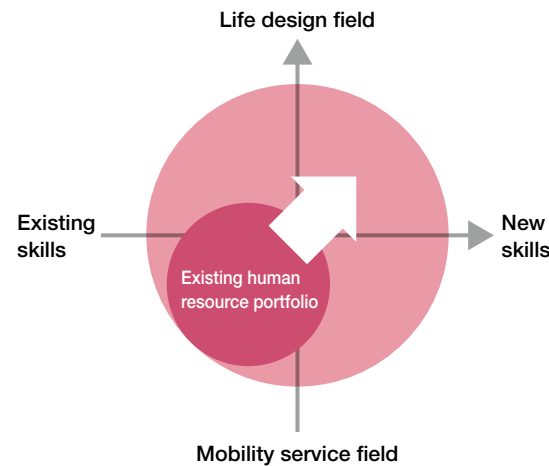
## Human resource portfolio transformation

To achieve the Long-Term Vision, we are moving from a portfolio of highly homogeneous human resources to a portfolio of diverse human resources to grow into a corporate group that continues to create value.

## Setting KPIs to create value

In order to implement the human resource strategy linked to the Long-Term Vision and Medium-Term Management Plan 2025, we have set KPIs for fiscal 2028 for each of the three pillar strategies to visualize the progress of various measures and build a mechanism that can quantitatively measure their effects.

Regarding the KPIs for each strategy, we monitor progress every quarter, and we will work to make our human resource measures highly effective by improving them according to the situation.



### Towards a diverse human resource portfolio

#### Human resources to be cultivated

Human resources who can take ownership of changes in society, autonomously **change themselves to their ideal self**, and **create new value**  
= Human resources who demonstrate **initiative** and **autonomy** and have diversity in skills and experience

#### Human resource cultivation

#### Organization to be built

An organization that is unified as a group and creates new knowledge through diversity  
= A corporate group that demonstrates **synergy** and transforms **diverse** individualities into strengths

#### Diversity and inclusion

#### Culture to be fostered

A culture where employees can empathize with Our Purpose, gain energy from their work in a trustworthy team, and work hard with enthusiasm  
= A culture that creates a **high level of work engagement** and a sense of growth

#### Work engagement

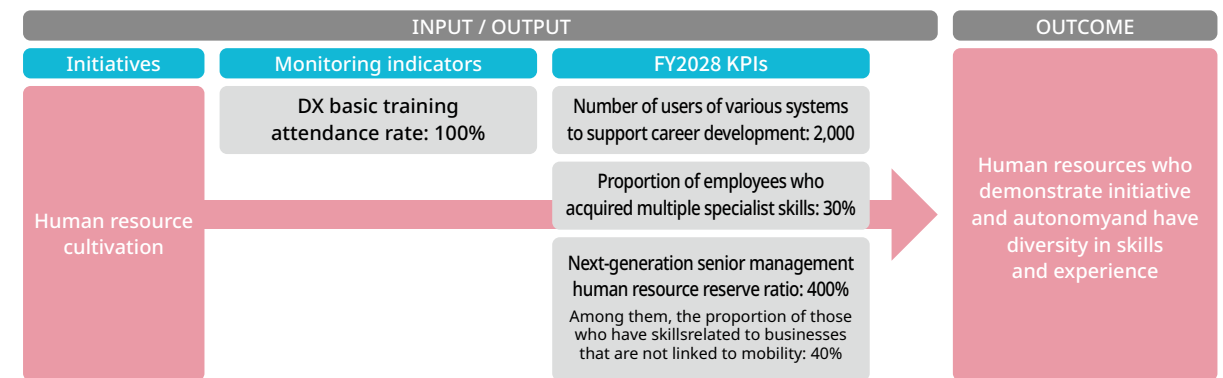
## Human resource cultivation

### Basic concept of human resource cultivation

In order to grow into a corporate group that will continue to create value in a greatly changing business environment, it is essential for each employee to independently build their own career and actively increase their expertise.

The JR-West Group is creating an environment where each

employee can envision their ideal career based on their own aspirations and life events, develop their skills, and make career choices to achieve it. Each employee accumulates the skills and experiences they desire, enhancing the ability of human resources to create value.



### Expanding opportunities for self-motivated career development

We believe combining employees' diverse knowledge and experience leads to innovation and a greater ability to respond to change.

Through the introduction of systems and the establishment of an environment that allows each employee to actively and autonomously engage in career development, we are expanding opportunities for proactive learning and taking on challenges and stimulating willingness to grow. This creates a virtuous cycle in which employees further enhance their own expertise. In this way, we are creating a large number of human resources with diverse skills and experience, and through their growth, we maximize the power of individuals and the organization.

#### Specific initiatives

- Expanding career choice opportunities through open position recruitment
- Expanding the Off-JT menu and support to acquire qualifications
- Encouraging side jobs through the sub-career system and supporting the acquisition of external experience through external dispatches
- Providing support for new business creation and commercialization opportunities through the Innovation Creation Program

- **Open position recruitment program**  
This program recruits human resources from all employees to oversee new businesses and projects.  
73 people applied in FY2023
- **Lump sum payment for acquisition of qualifications**  
This system pays a lump sum to cover the cost of acquiring public qualifications and to encourage the acquisition of qualifications.  
544 people applied in FY2023
- **Sub-career program**  
This program lets employees work at another company for up to eight days every month.  
42 people applied in FY2023
- **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.  
1 person applied in FY2023
- **Innovation creation program**  
This program solicits ideas that aim to create innovation in new and existing businesses from all employees of the JR-West Group.



Seconded to Man-Machine Synergy Effectors, Inc.  
**Ryu Kawauchi**

### Creating new value and improving responsiveness to change

In view of my future career, since October 2022 I have been seconded to Man-Machine Synergy Effectors, Inc., a technical startup and a JR-West business partner, through the open position recruitment program.

At Man-Machine Synergy Effectors, I work on operational reform, mainly in the HR and general affairs departments. My job includes daily administrative tasks and systematizing various internal operations for business

expansion and digital transformation. In addition, by strengthening internal controls through the establishment of an internal system, I work hard every day to accelerate corporate growth from the back-office departments.

After returning to JR-West, I want to contribute using my experience in this startup company to respond to the rapidly changing external environment as a member of the JR-West Group.

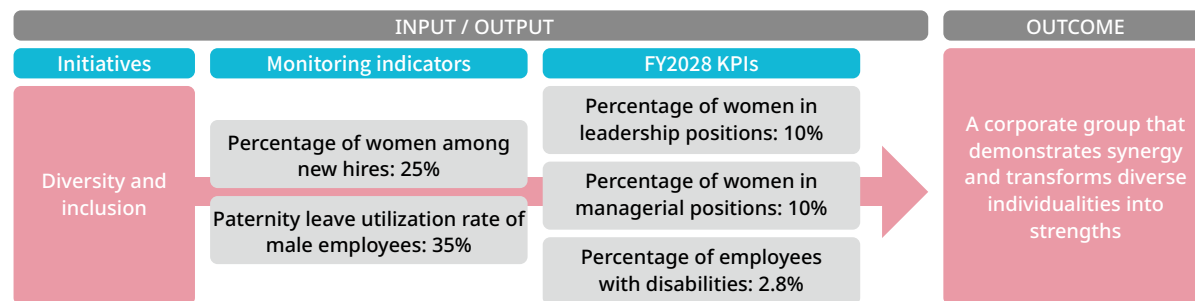
## Human resource strategy

### Diversity and inclusion

#### Basic concept of diversity and inclusion

We regard nationality, age, disability, gender, sexual orientation, values, experience in childcare and nursing care, experience inside and outside the company, and other aspects as important individualities possessed by each employee. By recognizing and combining these diverse individualities, we aim to create new

value. We will continue to position women's advancement in the workplace as an important issue in the future. We will carry out initiatives from the perspectives of growth support, environmental improvement, and career development so that female employees can realize the careers they envision.



#### Human resource recruitment

As a source of value creation to take on new fields while ensuring the quality of our businesses in existing fields, we strive to hire a diverse range of individuals. We actively recruit women, mid-career professionals, foreign nationals, and people from both inside and outside the JR-West Group.

#### Environmental improvement

In order to support the balance between work and childcare/nursing care, we have prepared an environment that makes it easy to work in accordance with the employee's life stage, such as by revising work systems and providing health support. As a result of the childcare-work support meetings, which were held to confirm whether employees whose spouses gave birth would take childcare leave, the percentage of male employees taking paternity leave exceeded 50%.

#### 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 Iwill Co., Ltd. Some 180 employees with disabilities fulfill responsibilities in fields such as printing and healthcare at JR-West Iwill.

#### Work style reforms and work-life balance

We strive to improve work-life balance by establishing an environment where each employee can maximize their potential and perform their work efficiently and productively.

#### Support for growth

We carry out various initiatives to facilitate the growth of female employees, such as introducing a mentoring system and holding meetings with senior employees. The aim is to demonstrate various role models and build a network among female employees.

#### Career development

In order to enable employees to continue their career along with various life events and play an active role, we are restructuring career steps and actively dispatching employees to external training.

#### Diverse work styles

As an assistant manager of a crew unit, I provide guidance to crew members. I used the short working hours system until my child was three years old, and I currently use the reduced working days system. In addition to regular holidays, I take two days off each month because I work overnight once or twice a month. Since my husband also works overnight, we share



Assistant manager,  
Amagasaki Train Drivers and  
Conductors Unit  
**Emiko Kobayashi**

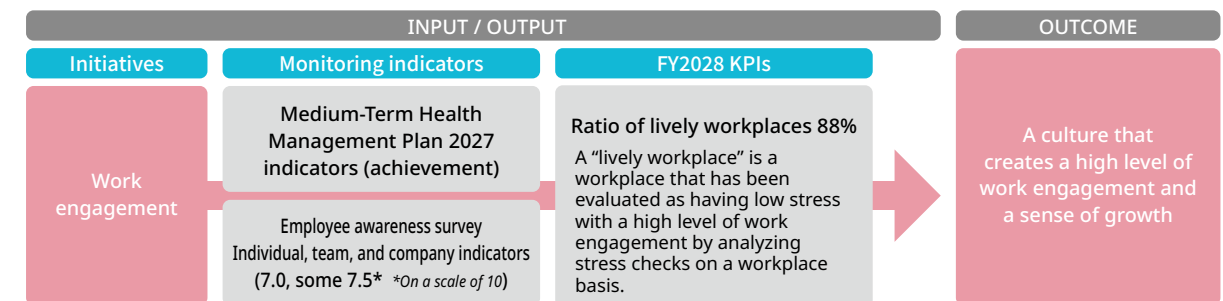
childcare and housework, with each of us taking turns when we are at home. JR-West has systems for childcare, and ensuring a good balance between work and childcare is standard practice in the company. As an assistant manager, I want our staff members to understand and respect each other's situations, such as those with childcare and nursing care issues and those who back them up in work.

### Work engagement

#### Basic concept of work engagement

Human resources are "capital with heart," and the performance of each employee changes greatly depending on their relationship with the company and the team. We aim to foster and establish an organizational culture where employees can work enthusiastically by sharing Our Purpose as a common

value and by ensuring that employees gain a real sense that their work will lead to an ideal career. In this way, each employee can aim for and experience growth through work based on a high level of work engagement.



#### Real-time problem understanding and follow-up

Every quarter since fiscal 2024, we have asked questions strongly related to work engagement in a lively workplace creation questionnaire and conducted simple measurements. We carry out efforts to achieve a lively workplace ratio of 88% by frequently measuring and giving feedback on the performance status of employees and the usefulness of initiatives at each location and steadily running the PDCA cycle.

#### Medium-Term Health Management Plan 2027

We regard the health of employees as an important management resource and aim to support the health of each employee by utilizing our strength of owning a medical institution. We have set a total of 10 target indicators related to mental health, the health of female employees, the prevention of diseases, and the improvement of lifestyle habits.

##### Medium-Term Health Management Plan 2027 targets



#### Third-party evaluations

In a health management awards program run by the Ministry of Economy, Trade and Industry, which is based on a survey on health and productivity management, we have been certified as a Health and Productivity Management Outstanding Organization White 500 company in the 2022 and 2023 surveys.



#### Career support for female employees with regard to health

A woman's body faces unique health challenges that vary from life stage to life stage due to the influence of female hormones. Many female employees feel burdened by health problems as they work, which can cause them to be unable to perform to their full potential.

So that female employees can make career choices according to their life stage, we have set up a health consultation service and established a gynecological outpatient clinic using female obstetricians and gynecologists. This way we are increasing opportunities for consultation and cancer screening to support both the mind and the body.



Chief physician,  
Health Promotion Center  
**Tomoko Ogura**



## Human resource strategy

### Work style reforms and development of digital human resources to realize Our Purpose

We are using tools and transforming our organizational culture to be a company that can make the most of digital technologies in order to improve employee satisfaction and realize work styles that create new value and changes in

society. To this end, we are reducing work time through the use of digital technologies, increasing the amount of time spent on thinking and co-creation among employees, and developing digital human resources.

### Work Smile Project

We have selected “evangelists” to lead operational reforms from each workplace and are currently running a project of about 1,800 people. Evangelists are selected from a combination of managerial and general positions across all workplaces. They promote the use of digital tools in their own workplaces and match digital tools to daily work challenges.

### In-house development

In order to achieve worksite-driven operational reforms, we are pursuing in-house development where employees themselves automate work and develop apps. The participants in the developer community actively share their own apps and exchange knowledge, such that individuals are contributing to operational reforms even in areas beyond the organization.

#### Active in-house developer

I developed a number of apps with colleagues at Hakusan Depot, where I worked until May 2023, that can improve the efficiency of inspection and repair of Hokuriku Shinkansen cars. By replacing information managed by paper ledgers and communications done by phone and email with apps, there were positive changes in many ways, including not only improving efficiency but also preventing human errors and improving IT literacy. Developing these apps, studying the system for developing apps, and overcoming challenges have also led to my own growth.



Rolling Stock Department,  
Railway Operations Headquarters  
(former rolling stock management  
staff member, Hakusan Depot)  
**Seiji Takatsuka**



### An environment where each employee is connected

By lending a PC or smart device to all employees, including front-office departments, all employees can be digitally connected. This allows active communication across the organization, improved operational efficiency, and quick decision making. In addition, as part of our operational reforms, we are pursuing data governance and using generative AI, while balancing utilization and security.

### Developing digital human resources

We are developing digital human resources according to their roles and characteristics so that all employees can make the most of the real-world and digital opportunities in their daily work. In addition, we are actively recruiting mid-career digital human resources who can immediately contribute to the various digital measures that are currently in progress.

We also encourage each employee to voluntarily acquire knowledge by offering lump sum payments for acquiring official digital-related qualifications and covering part of the examination fee for such qualifications. We will continue to strengthen digital human resources across the entire Group as we strive to create new value and enhance our ability to create change.

To address the shortage of digital human resources in society in general, in October 2023 we established subsidiary Trailblazer Inc. to recruit and cultivate advanced digital human resources. These individuals will be assigned to various projects to accelerate the realization of the JR-West Group's digital measures.

#### Advanced digital human resources About 400 people

Assigned to data analysis training and core human resource training for startups and information security

#### DX promotion key persons About 4,000 people

Key person training for work style reform, in-house development, information security, etc.

#### All employees About 45,000 people

Education on basic digital knowledge and expansion of external distance learning

Goals for FY2026 (numbers are consolidated)

### Non-financial data (human resources)

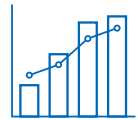
Item	Unit		Results				Remarks (scope of reporting, etc.)			
			2019	2020	2021	2022				
Human resource cultivation	Total training hours	Hours	*1	-	-	355,531	454,914	Regular employees		
	Training time per employee	Hours	*1	-	-	11.1	20.2	Regular employees		
	Qualifications acquisition support	Persons		538	397	670	544			
		Thousand yen	*1	9,300	7,310	13,350	10,414			
	Training attendance rate of new managers	%	*1	98.1	100	100	100	Regular employees excluding healthcare workers		
	Internal promotion rate of managers	%	*1	99.8	99.7	99.6	98.6	Regular employees excluding healthcare workers		
	Internal promotion rate of executive officers, etc.	%	*1	97.2	97.3	97.3	97.7	Executive officers (including director and executive officers), group executive officers, administrative officers, technical officers		
	Next-generation senior management human resource reserve ratio	%	*1	-	-	-	167	Candidate readiness rate for key positions		
	Diversity and inclusion	Employees	Full-time employees	Persons	*2	32,101	31,906	31,173	29,665	
			Part-time employees	Persons	*2	230	333	426	511	
Percentage of female employees		%	*2	14.1	14.4	14.8	14.8			
Percentage of employees rehired after retirement		%	*2	8.4	11.1	13.6	15.2			
Percentage of fixed-term contract employees		%	*2	5.8	5.0	3.8	3.0			
Percentage of mid-career hires		%	*2	10.4	11.8	12.9	13.8	Regular employees		
Percentage of managers		%	*2	5.4	5.6	5.7	6.1	Regular employees		
Percentage of women among managers		%	*2	2.2	2.3	2.3	2.3	Managers. 2.6% as of March 31, 2023		
Percentage of mid-career hires among managers		%	*2	4.3	4.3	4.3	4.2	Managers		
Percentage of women in leadership positions		%	*2	2.7	3.2	3.9	4.6	Regular employees. 5.9% as of March 31, 2023		
Number of career-track foreign employees		Persons	*2	8	9	11	11	Regular employees		
FTE (full-time equivalent)		FTE	*2	32,249	32,109	31,420	29,953	Calculated based on standard working hours (7 hr 45 min)		
Percentage of employees with disabilities		%	*3	2.69	2.85	2.83	2.86	Total including special subsidiary JR-West Iwlliv Co., Ltd.		
Percentage of employees belonging to a labor union		%	*2	96.5	96.5	96.6	98.2	Regular employees		
Percentage of employees covered by collective agreements		%	*2	96.5	96.4	96.6	98.2	Regular employees		
Executives		Number of directors	Persons	*1	15	15	13	17		
		Number of female directors	Persons	*1	1	1	1	2		
	Percentage of women among directors	%	*1	6.7	6.7	7.7	11.8			
	Number of outside directors	Persons	*1	5	5	5	8			
	Percentage of outside directors among directors	%	*1	33.3	33.3	38.5	47.1			
	Executives	Persons	*1	47	49	47	52	Directors, Audit & Supervisory Board members, executive officers, group executive officers, administrative officers, technical officers		
	Number of female executives	Persons	*1	2	3	3	4			
	Percentage of women among executives	%	*1	4.3	6.1	6.4	7.7			
	Wages	Mean wage (men)	Thousand yen	*1	6,516	6,060	5,632	5,868	All employees including part-time employees	
		Mean wage (women)	Thousand yen	*1	4,482	4,359	4,209	4,552	All employees including part-time employees	
Hiring and turnover	Number of new regular employees	Persons	*1	981	837	622	360			
	Number of new female regular employees	Persons	*1	258	212	191	113			
	Percentage of women among new regular employees	%	*1	25.7	24.7	29.7	31.4			
	Average cost of hiring per FTE	Thousand yen	*1	249	244	236	271	Excluding healthcare workers and managers		
	Retention rate of new graduate hires (after 3 years)	%	*2	94	93	92	94	Regular employees excluding healthcare workers		
	Retention rate of new graduate hires (after 5 years)	%	*2	91	89	91	88	Regular employees excluding healthcare workers		
	Employee turnover rate	%	*1	-	-	5.3	6.1			
Voluntary turnover rate	%	*1	-	-	2.4	2.6				
Childcare and nursing care	Number of employees taking childcare leave	Persons	*1	-	-	1,315	1,335			
	Number of men taking childcare leave	Persons	*1	-	-	572	625			
	Paternity leave utilization rate of male employees	%	*1	22.0	31.5	37.8	54.8			
	Return-to-work rate after childcare leave	%	*1	99.3	99.2	98.7	98.9	Regular employees		
	Percentage of employees who came back after childcare leave	%	*1	-	-	92.8	98.4			
	Number of employees using reduced working days system	Persons	*1	485	569	623	740	Work system that allows employees to reduce the number of working days per month by 2, 4, or 8 days		
	Number of employees using short working hours system	Persons	*1	154	166	174	165			
Work style	Number of employees taking nursing care leave	Persons	*1	23	21	21	13			
	Total actual hours worked per employee per year	Hours	*1	1,739.6	1,743.3	1,743.8	1,726.2	Regular employees and senior (rehired) employees		
	Monthly average overtime hours per employee	Hours	*1	12.3	9.1	9.1	10.6	Regular employees and senior (rehired) employees		
	Annual paid leave utilization rate	%	*1	91.0	86.5	86.5	97.5	Regular employees and senior (rehired) employees		
Work engagement	Percentage of employees who were found to have problems on regular health checks	%	*1	46.9	46.2	47.3	46.2			
	Percentage of smokers	%	*1	25.3	23.2	22.8	22.2			
	Percentage of heavy drinkers	%	*1	12.5	11.5	11.2	11.0			
	Percentage of regular exercisers	%	*1	20.3	23.2	25.0	26.8			
	Response rate to physician referrals based on regular health checks	%	*1	66.4	61.4	60.1	56.5			
	Percentage of comprehensive health exam recipients	%	*1	47.9	43.4	46.8	48.1			
	Percentage of specific health guidance recipients	%	*1	67.0	76.8	72.2	75.8			
	Percentage of employees experiencing high stress	%	*1	4.5	4.9	5.0	5.5			
Ratio of lively workplaces	%	*4	51	80	77	64				

\*1 As of March 31 of each fiscal year

\*2 As of April 1 of each fiscal year

\*3 As of June 1 of each fiscal year

\*4 As of March 31 of each fiscal year. Percentage of workplaces whose overall health of the organization was “in activated state” in the stress check based on the new occupational stress brief questionnaire. This survey item was added in fiscal 2021.



## Financial strategies



### Supporting Our Purpose from a financial point of view and meeting stakeholder expectations

Head of operations;  
Director and Senior Executive Officer;  
Senior General Manager of  
Corporate Strategy Headquarters (CFO)

Eiji Tsubone

#### Reflections on the pandemic, and about the new Medium-Term Management Plan

As COVID-19 moves to category 5 infectious disease classification in Japan and society returns to its pre-pandemic state, we have learned two things from the painful experience of the COVID-19 pandemic. One is our high degree of dependence on the railway business. We had been diversifying our business before the pandemic, but in fact, 80% of our profits were from the railway business and related businesses. During the pandemic, we could not ensure stable profits except for the 20% from the real estate business. The other is that due to changes in social behavior, overall rail use will only return to 90% of pre-pandemic levels. We were also reminded of the population decline. On the other hand, I once again felt the high expectations from customers and society for railways. Trust is our greatest asset.

In order to overcome these challenges, contribute to society in the future, create cash flows, and increase corporate value, we formulated Our Purpose and Long-Term Vision 2032 and the Medium-Term Management Plan 2025 to realize these. The new Medium-Term Management Plan has changed greatly from our conventional strategy. We are conscious of responding to social changes and creating change ourselves by incorporating those changes.

The strategy has three main points. The first is to establish the trust of the whole JR-West Group by further improving the safety of railways. The most important thing for us to revitalize mobility services and expand the life design field is customer trust.

The second is the revitalization of the railway business and structural reform. Our backbone is railways, and we serve 5 million customers a day, so we need to revitalize mobility services centered on railways. However, the use of railways will only return to 90% of the previous level, so we need to work with various partners to create new demand for the remaining 10%. We will implement structural reforms to increase productivity and reduce structural costs by 50 billion yen compared to before the pandemic. In terms of transportation revenues, we are targeting the same pre-pandemic level of 870 billion yen in five years.

The third is to expand the life design field. In 10 years, we hope to expand the life design field, including new areas such as city development centered on the real estate business, a digital strategy that takes advantage of our contact points with railway customers, and infrastructure management, to account for 40% of our operating income.

In the financial strategy to advance this Medium-Term Management Plan, it is important to increase synergy between businesses and optimize the business portfolio. It is the role of the CFO to support growth by allocating resources based on the fact

that we are in a transition period. As financial indicators, we have set the goals of achieving operating income of 150 billion yen in fiscal 2026 and five years later 185 billion yen in fiscal 2028. For EBITDA, which indicates cash-generating ability, we have set the challenging goal of achieving 380 billion yen in fiscal 2028, which is about 20 billion yen larger than before the pandemic.

#### Resource allocation to support the Medium-Term Management Plan

In allocating resources to support the Medium-Term Management Plan, that is, allocating cash flow, especially at the current stage of portfolio reform, we are focusing on investments and funding to expand and maintain corporate value. Among them, the priorities are safety investment in railways and investment and funding for growth. Safety investment in railways also includes earthquake countermeasures and barrier-free measures, which are areas where society has high expectations. Growth investment and funding will be in two areas: the revitalization of mobility services, including railways, and the expansion of the life design field. In particular, in the three years of the Medium-Term Management Plan 2025, there will be major events such as the launch of various digital services, the opening of the Tsuruga extension of the Hokuriku Shinkansen, the opening of station buildings in Osaka and Hiroshima, and Expo 2025. We will concentrate on making the most of these opportunities. On the other hand, for railway restructuring and portfolio reorganization, it is necessary to take a long-term perspective of 5 to 10 years.

Regarding shareholder returns, we will pay a stable dividend with a dividend payout ratio of 35% or more. In addition, while maintaining a balance with financial soundness, we will implement a flexible capital policy, including growth investments and share

buybacks, that can contribute to improving shareholder value per share.

#### Balance sheet and cost of capital

As a financial strategy to support the "left side of the balance sheet," financial soundness is required as a company in infrastructure services such as railways. And in order to increase corporate value, it is important to control capital costs. Balancing the two is a major role of the CFO.

In fiscal 2021, we lost 230 billion yen due to the pandemic and raised about 700 billion yen in new debt for funding. I believe we were able to maintain our rating because we have a solid financial foundation. Based on this, in the review of the Medium-Term Management Plan 2022 announced in October 2020, we set a goal of recovering to a pre-pandemic D/E ratio by the end of fiscal 2028. This is the same idea that was behind the capital increase in September 2021 during the pandemic.

In the post-pandemic Medium-Term Management Plan, the JR-West Group can now expect to recover a certain amount of operating cash flow. Therefore, we determined that it was appropriate to use the net interest-bearing debt/EBITDA ratio based on cash flow generation capabilities as a financial discipline. In general, the appropriate level is about 5x, but as a company responsible for infrastructure services such as railways, we have set a target level of about 4x in five years in order to achieve a higher level of financial soundness.

On the other hand, I believe that it is necessary to keep the WACC (weighted average cost of capital) 3.9% or less, considering our core business of railways. We have set the levels of interest-bearing debt and resource allocation from that perspective too.

#### Financial targets (financial KPIs)

		FY2023 (results)		FY2026 (targets in this plan) <sup>*2</sup>		FY2028 (targeted pre-pandemic level) <sup>*3</sup>
Ability to generate profits	Consolidated operating income	¥83.9 billion	Recovery in profit generation ability	¥150.0 billion	Generate more profits	¥185.0 billion
	EBITDA	¥243.6 billion		¥340.0 billion		¥380.0 billion
	(Reference)					
	Transportation revenues	¥694.5 billion		¥860.0 billion		¥870.0 billion
	Cost structure reform (vs. FY2020)	-¥26.0 billion		-¥40.0 billion		-¥50.0 billion
Management efficiency	Consolidated ROA	2.3%	Improve capital and asset efficiency	Approx. 4%	Further improvement	Approx. 5%
	Consolidated ROE	8.8%(4.4%)* <sup>1</sup>		Approx. 8%		Approx. 9%
Financial discipline	Net interest-bearing debt/EBITDA	5.6×	Recovery in ability to generate cash flow	5X or less	Create more cash flow and reduce debt	4X or less
Ratio of life design field to operating income				Approx. 25%	Further advances	Approx. 35%

\*1 Figures do not reflect tax effects.

\*2 This plan excludes impact from higher revenues related to Expo 2025, and track usage fees and higher revenues associated with opening of Tsuruga extension of the Hokuriku Shinkansen.

\*3 Targeted pre-pandemic levels exclude impact from higher energy costs.



## Financial strategies

This balance of financial soundness and capital cost control is not necessarily fixed. Portfolio restructuring will spread the balance of the business, which will spread risk and improve our financial health. As our portfolio changes, so will the level of our financial balance sheet. Furthermore, it is necessary to consider an optimal balance sheet that also takes into account rising interest rates and inflation. As for the financial strategy, we will update it as needed while listening carefully to the opinions of the capital markets.

### Sustainability management and human capital to balance social value and economic value

Although it does not seem to be related to the financial strategy at first glance, sustainability management is also an important initiative to reduce risk and increase corporate value.

The JR-West Group co-exists with local communities, so the Group's value creation model is to create a cycle in which communities are energized through our business and this energy is returned to our business. Sustainability management is the foundation necessary for embodying Our Purpose and sustainably creating and developing social and economic value. When people think of sustainability, they often associate it with defense, but we take a unified offensive and defensive approach.

In particular, human capital is becoming more important. As labor shortages progress around the world, the relationship between companies and employees is also changing. Above all, it is important to create an environment where employees have high work engagement and work with motivation.

The pandemic may be over, but this does not mean that there will be no more changes. We are now in an era where it is no longer possible to decide on and stick to a three-year medium-term management plan. Changes come one after another, so we must respond confidently and anticipate changes. We will also create change. The biggest driving force for this is people. It is employees who respond to changes and create all kinds of value. I would like to create a company culture where there are opportunities to take on a range of challenges, and even if we fail, we can learn from those failures and move forward. Together with various partners, we will evolve our connections, move the hearts of our employees and customers, and drive the future.

Since there may well be risks such as infectious diseases in the future, we must improve our financial soundness and ensure that it is appropriate for the future challenges we will face. However, I believe that the ability to respond to risks in the true sense is down to the power of people. If we firmly acquire and cultivate human resources who can overcome risks and turn them into opportunities, we can continue to grow no matter what risks come. To this end, we will continue to invest in human capital, improve the environment, and allocate resources to various challenges.

### Dialogue with stakeholders including shareholders

In Our Purpose shared by the whole JR-West Group, we reaffirmed our approach to our five main stakeholders (customers, communities and society, partners, shareholders,

coworkers). Careful communication with each stakeholder is essential for the sustained growth of the Group. That is also the mission assigned to management.

There are three missions of the CFO: to allocate resources based on the company's strategy, to take action to ensure financial soundness and increased corporate value, and to face capital markets with sincerity. We must also further increase stakeholder value. What I value is listening to the opinions of our stakeholders and sharing them as a member of the management team. Another key point is to think from a long-term perspective. For example, with the acceleration of labor shortages across Japan in the future, it will be practically impossible to keep manned ticket booths at many stations. We must think of ways to provide value to our customers that do not rely on labor. We must always make judgments from a long-term perspective rather than a short-term perspective.

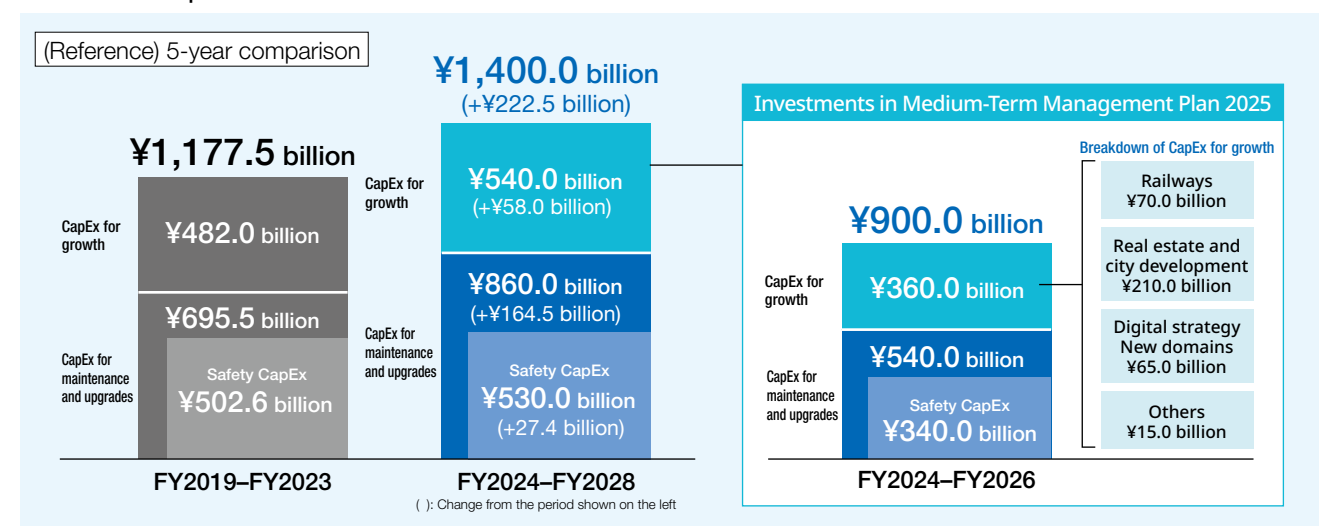
Our stakeholders include customers, communities and

society, and shareholders, as well as the people who work with us. On the railways, there are group company employees working on track maintenance, electricity, and railcars, as well as specialist partner companies. They work together as one team. Partners such as startups who co-create innovation with us are also important stakeholders.

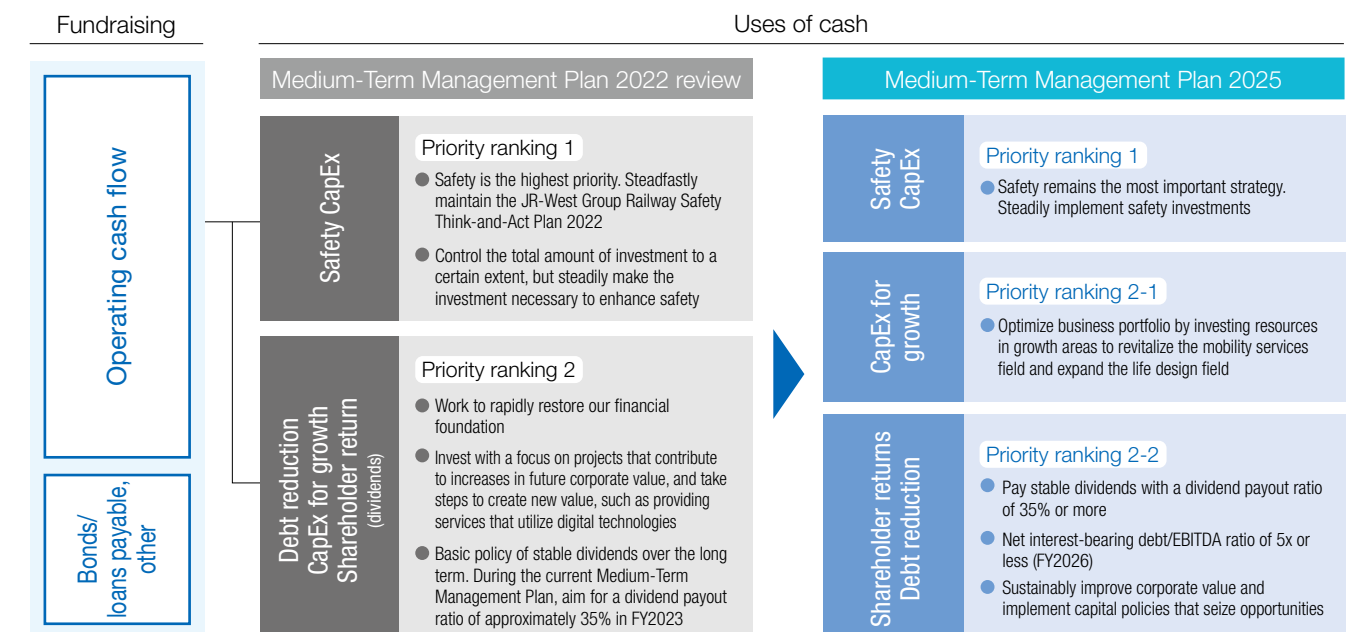
Regarding dialogue with shareholders and the capital markets, as a company that has also implemented a capital increase, we would especially like to deepen our mutual understanding through diligent dialogue and disclosure. We want to gain trust from the capital markets by disseminating our ideas for increasing corporate value and shareholder value per share in an easy-to-understand manner. To that end, we would like to hear various opinions from our shareholders. Going forward, we will continue to deal with each stakeholder sincerely and improve stakeholder value. We hope that you will continue to understand and support us.



### Investment plan



### Financial strategy and shareholder returns



# Corporate governance

## Corporate governance at JR-West

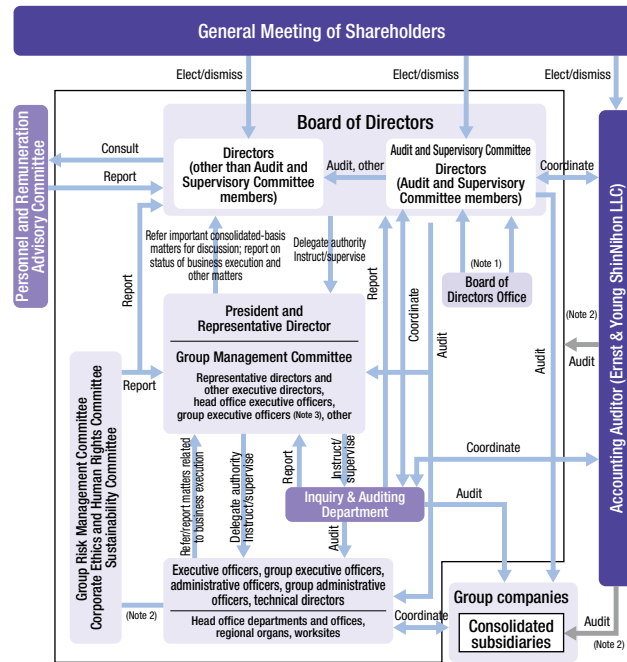
In light of the dramatic changes in the business landscape that have been taking place in recent years, JR-West transitioned in June 2022 to a company with an Audit and Supervisory Committee, undertaking this change as part of organizational reform aimed at enhancing our ability to address change.

In line with this transition, we have instituted various changes, such as delegating the majority of decision-making authority from the Board of Directors to the executive directors, which have facilitated faster and more decisive decision-making, more agile business execution, and greater autonomy for business divisions. During the year following the transition, the Board of Directors actively discussed a range of topics connected with improvement in corporate value over the medium- to long-term. They included the formulation of a new management plan and the Railway Safety Think-and-Act Plan, key strategies such as DX and city development, the direction of business portfolios, and sustainability-related risks and opportunities.

In addition to delegating authority, we also worked to bolster the monitoring and supervision functions of the Board of Directors by developing and expanding the reporting provided to the Board of Directors, such as with regard to the status of business execution by the individual directors and the progress of various management indicators.

## Corporate governance structure

- The Board of Directors comprises 17 directors, of which eight (47.1%) are independent outside 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 outside directors who specialize in monitoring and supervising.
  - There are four directors (two men and two women; three of whom are outside 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.
- The Audit and Supervisory Committee (chaired by an independent outside director) 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 (chaired by an independent outside director) has been established as an advisory body to the Board of Directors, in which a majority of the members are independent outside directors. This ensures objectivity, fairness, and reliability in relation to the personnel affairs and remuneration of officers.
- 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 and an in-house company system have been adopted to accelerate decision-making and business execution, as well as facilitate the independence and autonomy of business divisions.
- The Sustainability Committee, Corporate Ethics and Human Rights Committee, and Group Risk Management Committee deliberate on various matters related to the sustained development of the JR-West Group and report the content of these deliberations to the Board of Directors.
- In addition to the above, we are advancing initiatives in the spirit of the Corporate Governance Code, such as enhancing the effectiveness of the Board of Directors and disclosing information in an appropriate and timely manner.



Note 1: 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: [ ] denotes audit scope of the Accounting Auditor.

Note 3: 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.

## Main measures to strengthen Board of Directors-centered corporate governance

June 1999	Adoption of executive officer system to accelerate decision-making (reduction of inside directors from 27 to 6)
June 2006	Establishment of full-time staff responsible for communicating and coordinating with outside directors ⇒ Expand and improve information-sharing with outside directors
April 2007	Establishment of Remuneration Advisory Committee (comprises at least three directors; more than half are outside directors) ⇒ Ensure objectivity, fairness, and trustworthiness of officers' remuneration
June 2010	Appointment of directors with diverse backgrounds and female directors
June 2012	Start of evaluation of Board of Directors effectiveness
September 2015	Creation of company's criteria for independence of outside 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 2023, comprises three outside directors and two inside directors; chaired by independent outside 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 executive 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 inside directors and other executives ⇒ Incentivize pursuit of sustainable corporate value improvement, and create greater shared value with shareholders
April 2023	Further specification and disclosure of policies used in determining remuneration for directors (excluding directors who are Audit and Supervisory Committee members and outside directors)

## Skill diversity of directors

The table below defines the seven skills (knowledge, experience, abilities, etc.) 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, in order to realize the five key strategies of the Medium-Term Management Plan 2025, which are to improve safety of railways, revitalize and

restructure core businesses (railway business, group businesses), further evolve real estate and city development, develop diverse services via digital strategy, and create new businesses. With regard to ESG-related skills, we believe that these seven 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 Financial strategy	Governance Legal affairs/risk management Diversity Human rights Human resources cultivation	Safety/quality Safety-related technology/management Quality control	Customer satisfaction Marketing Creation of customer value Expansion into new business areas Brand value	Innovation Global environment DX/advanced technology Productivity improvement Decarbonization Energy savings	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, outside)		●					
Yoshinobu Tsutsui	Director (independent, outside)	●	●		●			
Haruko Nozaki	Director (independent, outside)		●					●
Kenji Iino	Director (independent, outside)	●			●		●	
Yoshiyuki Miyabe	Director (independent, outside)	●		●		●		
Fumito Ogata	Representative director	●		●			●	
Shoji Kurasaka	Representative director	●	●					●
Keiichi Nakamura	Representative director	●		●				●
Eiji Tsubone	Director	●			●	●		
Hiroaki Maeda	Director		●	●				
Masatoshi Miwa	Director	●	●					
Hideo Okuda	Director	●			●	●		
Maki Ogura	Full-time Audit and Supervisory Committee member (independent, outside, Audit and Supervisory Committee chair)		●					
Makiko Tada	Full-time Audit and Supervisory Committee member			●	●			●
Emiko Hazama	Audit and Supervisory Committee member (independent, outside)		●					●
Kenryo Goto	Audit and Supervisory Committee member (independent, outside)	●	●					

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.



## Corporate governance

### 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.

The evaluation of effectiveness conducted in fiscal 2023 showed that the effectiveness of the Board of Directors has been both maintained and improved as a result of the delegation of more decision-making authority from the Board of Directors to the executive directors, which was undertaken as part of a series of organizational reforms, thereby promoting faster and more decisive decision-making and business execution, as well as more vigorous discussion of topics connected with medium- to long-term improvement in corporate value, such as key management strategies, business portfolio direction, and sustainability-related risks and opportunities.

Meanwhile, a wide range of issues were raised, mainly by outside directors, with a view to improving the effectiveness of the Board of Directors in the future. These issues include the development of methods that will strengthen the Board of Directors' monitoring and supervisory functions, including of

non-financial information; the further enhancement of communication between outside directors and Audit and Supervisory Committee members; and the intentional hiring of human resources with diverse experience to serve as management personnel.

In conjunction with this, the Audit and Supervisory Committee also discussed its own effectiveness, and, based on factors such as stronger collaboration with the internal audit department and more robust information provision to part-time Audit and Supervisory Committee members, confirmed that its effectiveness has improved. At the same time, part-time Audit and Supervisory Committee members expressed the opinion that communication between Audit and Supervisory Committee members and executive directors should be enhanced.

Based on all of this, the JR-West Board of Directors has been deemed to be functioning effectively.

Furthermore, in order to further improve the effectiveness of the Board of Directors, we are implementing the following initiatives outside of board meetings.

#### 1. Opinion exchange meetings between outside directors (excluding directors who are Audit and Supervisory Committee members) and Audit and Supervisory Committee members

Twice a year, the members of these two groups exchange opinions from their respective positions on such matters as what roles the Board of Directors and Audit and Supervisory Committee should play, what monitoring and supervision should ideally be, and what changes are taking place in the business environment surrounding the JR-West Group.

#### 2. Off-site meetings led by outside directors (opinion exchange meetings with employees)

In order to deepen the outside directors' understanding of the JR-West Group's business and to leverage their knowledge for the operations of each department, we regularly provide opportunities for outside directors and employees to engage in free and frank opinion exchange.

#### ■ Offsite meetings in fiscal 2024 (by August 31)

Month held	Participating divisions
April 2023	Regional Revitalization Division
June 2023	Business Design Division
August 2023	Digital Solution Headquarters



A scene from an offsite meeting

### 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 outside directors and the committee chair is also an independent outside 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, and policies and criteria for remuneration of directors and officers.

#### ■ Members (as of July 2023) and meetings in fiscal 2023

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

During fiscal 2023, the entire Personnel and Remuneration Advisory Committee met 10 times.

### Officer remuneration (overview of the remuneration system for directors)

Coinciding with the start of the JR-West Group Medium-Term Management Plan 2025, a resolution was passed at the meeting of the Board of Directors held on April 28, 2023 to revise the remuneration system so that it appropriately links business performance with remuneration of individual directors in order to better incentivize directors to improve performance leading, in turn, to medium- to long-term improvement in corporate value.

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

Remuneration for directors who are Audit and Supervisory Committee members and for outside 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.

Performance-evaluation remuneration is a cash remuneration amount reflective of performance indicators for the business year, with these being divided between company performance and individual performance. The ratio of company performance to individual performance is 7:3, assuming all performance indicator targets are achieved. However, only the company performance portion is applied to corporate officers like the president and representative director.

Both company performance and individual performance will be evaluated quantitatively and qualitatively based on the

achievement status of each indicator set at the beginning of the previous fiscal year.

Performance indicators for company performance are financial indicators and non-financial indicators. Regarding financial indicators, consolidated income, asset efficiency, and the ratio of life design field to consolidated income are the three performance indicators used. For non-financial indicators, they are railway safety, global environment, and work engagement.

The performance indicators for individual performance are the main KPIs of the departments each director is responsible for. The individual performance portion will vary from 0% to 200% depending on indicator achievement status and qualitative evaluation.

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

Remuneration for directors (excluding outside directors and directors who are Audit and Supervisory Committee members), 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 6:3:1 (see the table below).

The amount of remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee) will be determined based on the above policy and by a resolution of the Board of Directors. However, the determination of basic remuneration and performance-evaluation remuneration is, by resolution of the Board of Directors, left to the president and representative director. Specific decisions 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 outside directors are the majority) to ensure remuneration is both fair and credible.

Type of remuneration	Payment criteria	Payment method	Remuneration structure*2
Basic remuneration	A remuneration table shall be created, which corresponds to management-related responsibilities, and payment shall be made after ensuring it is of an appropriate level	Payment in cash on a monthly basis	60%
Performance evaluation remuneration*1	Company performance	Payment in cash on a fixed date	30%
Individual performance	Main KPIs of the departments each director is responsible for	30%	30%
Share-based remuneration	Payment of a base amount corresponding to management-related responsibilities	Payment of monetary claims on a fixed date, and delivery of restricted stock compensation in exchange for payment	10%

\*1 Only the company performance portion will be applied to corporate officers like the president and representative director.

\*2 Assuming all performance indicators achieve the targets set at the beginning of the previous business year.

## Message from Outside Directors

### Expectations for the new management plan (Long-Term Vision 2032, Medium-Term Management Plan 2025)



Director (independent, outside; Personnel and Remuneration Advisory Committee member)

#### Hikaru Takagi

Former professor, Graduate School of Law, Kyoto University

The Long-Term Vision 2032 and Medium-Term Management Plan 2025 were formulated through discussions amid a harsh business environment. I felt that outside opinions were well respected at board meetings. From the prior explanations and the vast amount of materials, you could also see that sincere, careful consideration and adjustments were made from various positions in the company. I expect that such bottom-up energy will be used to steadily realize the plans from this fiscal year onwards.

JR-West is subject to unique laws and regulations due to the public interest nature of the railway business and the history of division and privatization, and the constraints on its business decisions are greater than those of conventional companies. My professional interest lies in the division of roles between the public and private sectors. It will be more important to deal with issues based on fundamental ideas without being distracted by short-term trends, while fully sharing our thinking with the central and local governments.



Director (independent, outside; Personnel and Remuneration Advisory Committee chair)

#### Yoshinobu Tsutsui

Chairman of the board and representative director, Nippon Life Insurance Company

JR-West put an enormous amount of passion and effort into formulating the Long-Term Vision 2032 and Medium-Term Management Plan 2025. The Board of Directors has thoroughly deliberated a total of 17 items, including priority strategies, since fiscal 2023. The vision and plan are a testament to the positive and broad discussions we had based on our sense of crisis for the future. I think that the Board of Directors was able to properly orientate the JR-West Group and exercise restraint from an outside and objective perspective.

Plans and visions, especially those that span long time horizons, tend to end up being "made and then collect dust on the shelf." Plans must be put into practice, and visions are the will to make it happen. What kind of commitment and determination did we have when we formulated them? Are they shared and sustained now, and are we flexible enough to accept changes that arise later? It will be critical to return to these starting points in the future through continuous PDCA cycles. Let's work together and move forward.



Director (independent, outside; Personnel and Remuneration Advisory Committee member)

#### Haruko Nozaki

Executive vice president, Kyoto University; former junior corporate officer, Horiba, Ltd.

Running in-house companies and new businesses requires innovative ideas and actions that are not bound by existing frameworks, as well as outgoing, centrifugal force to break free from the past. Meanwhile, group synergy, which generates new corporate value cannot be created without unifying, centripetal force. Our Purpose, the unifying force of the JR-West Group, was put into writing after discussions by a task force comprising people of various generations and departments. Since its announcement, we have repeatedly worked to ensure its understanding and permeation within the Group.

I look forward to JR-West's challenges to pursue safety and security and achieve business goals, under a balance of outgoing and unifying forces. All of our work is connected to our customers. Our starting point as a social infrastructure company is to always think of customers, communities and society, business partners, shareholders, and each of our coworkers, and closely connect to their thoughts. I am paying particular attention to the development of human resources that create corporate value, and specific measures to support wellbeing by utilizing the strengths of individuals. Based on the purpose "Stir the heart, drive the future" we will continue to move forward.



Director (independent, outside)

#### Kenji Iino

Former managing director and executive managing officer, Mitsui Fudosan Co., Ltd.

The Long-Term Vision 2032 and Medium-Term Management Plan 2025 were formulated through trial and error and lively discussions. As an outside director, I will closely exchange opinions and have discussions with the executive side, not only keeping to my supervisory function, to ensure that we truly realize our plan and vision. Topics include whether Our Purpose, vision, and plan are understood by each employee and that they permeate all group companies, thus building a sense of unity on a consolidated basis, and whether we can respond flexibly and quickly if our plans do not progress as intended. In the new management plan, I am particularly interested in (1) securing and cultivating human resources who will lead the company in the future, and the growth of a vibrant corporate culture that will be the basis for such human resources; (2) building unwavering trust from society and strengthening continuous communication with local communities in the railway business; and (3) pursuing productivity and efficiency through the combination of know-how, information, and human resources among each in-house company in the life design field and new businesses. Going forward, I will continue to work with the executive side to achieve sustained growth and enhance corporate value.

I look forward to seeing JR-West make new contributions to society through the two pillars of the mobility service field and the life design field.



Director (independent, outside)

#### Yoshiyuki Miyabe

Director and executive vice president, Panasonic Holdings Corporation

I would like to see JR-West continue to be such a company.

- As a company that makes full use of digital technology to improve services and thoroughly boost operational efficiency, and that will realize company-wide carbon neutrality at an early stage based on environmentally friendly railways.
- As a company that works to continue regional development and to prosper together with the regions through railways.
- As a company that steadily makes profits and continues to invest in safety and convenience with a view to 50 or 100 years from now.
- Above all, as a company that employees are excited to work for and that customers are delighted to use.



Full-time Audit and Supervisory Committee member (independent, outside; Audit and Supervisory Committee chair)

#### Maki Ogura

Former judge

two aspects of governance: ensuring soundness (compliance) and improving efficiency (value creation, digital transformation, work style reform). I expect the Group to transform into a form that matches our desired future, continues to create value, and grows with society. I am happy to be a part of this challenge.

In 2023, the JR-West Group formulated Our Purpose, Long-Term Vision 2032, Medium-Term Management Plan 2025, and Safety Think-and-Act Plan 2027, and began to take on post-pandemic challenges. The Group has been striving to operate sustainable businesses and provide safe and secure services amid a harsh business environment, facing issues such as the three-year pandemic, the decline in the population, overconcentration, and the intensification of natural disasters.

In light of the Group's corporate culture, the new management plan will surely penetrate the entire Group. This will allow employees to think and act with peace of mind and autonomy, adapting their goals to feasible means while keeping the purpose in mind. The company will also support employees through two



Audit and Supervisory Committee member (independent, outside)

#### Emiko Hazama

Former deputy mayor, Sakai City; professor, Department of Public Affairs, Osaka University of Commerce

The JR-West Group is an important infrastructure company that supports people's lives. I believe that it will continue to fulfill its social responsibilities with safety and trust as the top priorities. Cutting-edge technology is increasingly affecting the way we live and work. JR-West has also begun to take on challenges in new areas like new transportation services and comfortable living using digital technology. "City development" refers to discovering local resources, enhancing the vitality and charm of communities, and improving the quality of people's lives. Our mobility services, life design business, and ESG management provide encounters, fun, and security to everyone's lives, and enhance their quality. It's up to each and every employee to make it happen. What value can the JR-West Group provide to society? What role should you play? I hope that all employees will feel the pride and satisfaction of contributing to the advancement of society by working together with people inside and outside the company. Let's build the future together.

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Audit and Supervisory Committee member (independent, outside)

#### Kenryo Goto

Certified public accountant, Kenryo Goto Certified Public Accountant Office; former Osaka Office managing partner and senior executive board member, KPMG AZSA LLC

When I tried to go to Osaka over the weekend, WESTER informed me of a train delay. So, I finished my housework before the trip, allowing me to eat a relaxed meal with my friends in Osaka, and then went home. I didn't touch cash all day and didn't even look at timetables. It was a day to feel thankful for Mobile ICOCA and WESTER. In this way, JR-West is creating vibrant communities where people can come and go with ease.

On the other hand, we must not reduce our safety investments in railways. The way that we choose growth investments was discussed at length during the formulation of the Long-Term Vision. A wave of price hikes has hit us, and we may run short of money. Management is striving to deliver the future we envision through efforts in the Hokuriku Shinkansen, Umekita area, Expo 2025, and the Naniwasuji Line. I will do my part with a sense of mission, backing up management from a defensive and offensive perspective.

### Opinions of outside directors in discussing Our Purpose and the new management plan

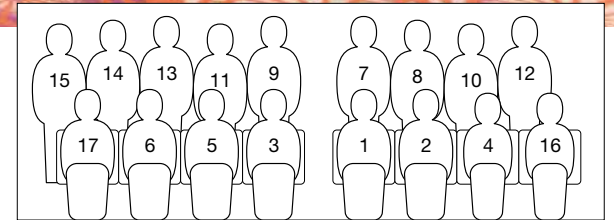
Theme		Outside directors' opinions (summary)
Main strategies in the new management plan	Formulation of Our Purpose and the new management plan	<ul style="list-style-type: none"> <li>It is important to share Our Purpose with a long-term perspective, to connect it with business, and to have top management keep asking questions on a daily basis.</li> <li>I appreciate the points of improving safety, revitalizing mobility services, and expanding the life design field. I also highly rate the broad policies of Our Purpose, Long-Term Vision, and the creation of social and economic value through our businesses.</li> <li>I highly rate the policy of maintaining safety investments in railways while also making investments in portfolio transformation. JR-West should carry out the plan while carefully explaining to investors when dividends will return.</li> <li>The 40% target in the life design field is JR-West's determination to grow. The Board of Directors must steadily carry out risk management and monitoring while aggressively developing business.</li> <li>Along with the human resource strategy, return to employees should also be thoroughly considered.</li> <li>In addition to the environmental changes caused by the pandemic, we are facing rising prices. On the other hand, we cannot raise fares easily. Railways are in a completely negative environment. Economic rationality and public interest are not in balance. We must confront issues in fares and local lines in earnest.</li> </ul>
	Improvement of railway safety	<ul style="list-style-type: none"> <li>In addition to making the plan thoroughly understood at work sites, we should once again create a robust mechanism for listening to the opinions of frontline staff, visualizing evidence, and responding to issues.</li> <li>Regarding management that prioritizes on-site decisions, I believe frontline staff can make their own decisions only when they have a relationship of trust with management.</li> </ul>
	Real estate and city development	<ul style="list-style-type: none"> <li>As a player in the current real estate market, we are expected to have more property operation and management capabilities than those for conventional development, construction, and sales. There is an urgent need to strengthen operational management capabilities, including human resource development, to improve these capabilities.</li> <li>JR-West's real estate business contributes to solving social issues. Although it depends on the project, we should concretize social value creation and take it into account when assessing projects.</li> <li>We should consider the burden of funds and risks and make efforts through alliances with the public, private, and academic sectors.</li> </ul>
	Digital strategy	<ul style="list-style-type: none"> <li>In digital transformation, thorough centralization and governance of digital infrastructure is important. This will also contribute to improving cost effectiveness and promoting trial and error in agile development.</li> <li>There is little value creation in digital technology itself. The key is how synergies can be generated in combination with JR-West's business.</li> </ul>
	Creating new businesses	<ul style="list-style-type: none"> <li>I praise infrastructure management as a business that contributes to solving pressing social problems by utilizing our strengths.</li> <li>Resource management is important, and we should develop and work on internal systems and alliances with local governments, companies, and financial institutions.</li> </ul>
	Global environmental strategy	<ul style="list-style-type: none"> <li>Financial impacts such as the transition risks outlined by the TCFD should be fully considered and addressed.</li> <li>We should go beyond the fiscal 2031 targets and explore our path to carbon neutrality by 2050.</li> <li>As a player in the railway industry, we should work with the JR Group to make concrete proposals to the government and raise social awareness.</li> </ul>
Financial strategy and shareholder returns	Human capital management	<ul style="list-style-type: none"> <li>It is important to "visualize" management human resources, including those in businesses other than railways, and for the company to identify and grow them.</li> <li>We need to strengthen management human resources with diverse backgrounds and enhance autonomy and promote the growth of individuals by having them accumulate expertise. Such efforts will strengthen our recruitment competitiveness.</li> </ul>
		<ul style="list-style-type: none"> <li>Balance sheets should be prepared for each business, and management should be based on the level of capital cost. We should use this to judge if or when to withdraw from a business.</li> <li>I appreciate our resource allocation policies for safety and portfolio restructuring, but how do the capital markets perceive them? We should consider how to deliver returns to shareholders while working on our plans.</li> <li>What is our policy for share repurchase?</li> <li>We should explain what we are doing to increase share value given the dilution caused by public stock offerings, including shareholder returns from a long-term perspective.</li> </ul>





**Board of Directors**

(As of June 23, 2023) • Number of years as board member • Attendance at board meetings (FY2023)



**1** | President, Representative Director, and Executive Officer  
**Kazuaki Hasegawa**  
 • 11 years  
 • 15/15 meetings  
 Chairman of the Board of Directors | Personnel and Remuneration Advisory Committee member

**4** | Outside Director  
**Haruko Nozaki**  
 • 3 years  
 • 15/15 meetings  
 Former junior corporate officer of Horiba, Ltd.  
**Major concurrent posts**  
 Executive vice president of Kyoto University; outside director of Sekisui Chemical Co., Ltd.  
 Independent officer | Personnel and Remuneration Advisory Committee member

**7** | Vice President, Representative Director, and Executive Officer  
**Fumito Ogata**  
 • 7 years  
 • 15/15 meetings

**2** | Outside Director  
**Hikaru Takagi**  
 • 5 years  
 • 15/15 meetings  
 Former professor at the Graduate School of Law, Kyoto University  
 Independent officer | Personnel and Remuneration Advisory Committee member

**5** | Outside Director  
**Kenji Iino**  
 • 1 year  
 • 11/11 meetings  
 Former managing director and executive managing officer of Mitsui Fudosan Co., Ltd.  
 Independent officer

**8** | Vice President, Representative Director, and Executive Officer  
**Shoji Kurasaka**  
 • 5 years  
 • 15/15 meetings  
 Personnel and Remuneration Advisory Committee member

**11** | Director and Senior Executive Officer  
**Hiroaki Maeda**  
 • 1 year  
 • 11/11 meetings

**14** | Outside Director (full-time Audit and Supervisory Committee member, chairman of the Audit and Supervisory Committee)  
**Maki Ogura**  
 • 1 year (tenure as Audit and Supervisory Committee member: 2 years)  
 • 15/15 meetings (including 4 meetings as Audit and Supervisory Committee member)  
 Former judge  
 Independent officer

**16** | Outside Director (Audit and Supervisory Committee member)  
**Emiko Hazama**  
 • 1 year (tenure as Audit and Supervisory Committee member: 2 years)  
 • 15/15 meetings (including 4 meetings as Audit and Supervisory Committee member)  
**Major concurrent posts**  
 Professor at the Department of Public Affairs, Osaka University of Commerce  
 Independent officer

**3** | Outside Director  
**Yoshinobu Tsutsui**  
 • 3 years  
 • 15/15 meetings  
**Major concurrent posts**  
 Chairman of the board and representative director of Nippon Life Insurance Company  
 Independent officer | Chairman of the Personnel and Remuneration Advisory Committee

**6** | Outside Director  
**Yoshiyuki Miyabe**  
 • 1 year  
 • 11/11 meetings  
**Major concurrent posts**  
 Director and executive vice president of Panasonic Holdings Corporation  
 Independent officer

**9** | Vice President, Representative Director, and Executive Officer  
**Keijiro Nakamura**  
 • 5 years  
 • 15/15 meetings

**12** | Director and Executive Officer  
**Masatoshi Miwa**  
 • 1 year  
 • 11/11 meetings

**15** | Director (full-time Audit and Supervisory Committee member)  
**Makiko Tada**  
 • Appointed as director in June 2023

**17** | Outside Director (Audit and Supervisory Committee member)  
**Kenryo Goto**  
 • 1 year  
 • 11/11 meetings  
 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; outside director (Audit and Supervisory Committee member) of Towa Pharmaceutical Co., Ltd.  
 Independent officer

**10** | Director and Senior Executive Officer  
**Eiji Tsubone**  
 • 2 years  
 • 15/15 meetings

**13** | Director and Executive Officer  
**Hideo Okuda**  
 • 1 year  
 • 11/11 meetings



## Special roundtable

## Diversity and inclusion allow us to evolve into a corporate group that can sustainably create value for the future

The JR-West Group promotes diversity and inclusion (hereinafter “D&I”) in order to maximize the strengths of each employee and continue to create new value. Haruko Nozaki, outside director; Masatoshi Miwa, director and executive officer; Makiko Tada, director (full-time Audit and Supervisory Committee member); and Ayumi Nakayama, general manager of the Diversity & Inclusion Office, acting as facilitator, exchanged opinions on the JR-West Group’s D&I.



Director  
Makiko Tada

Outside director  
Haruko Nozaki

Director and executive officer  
General manager of HR Strategy Division,  
Corporate Strategy Headquarters  
Masatoshi Miwa

General manager of Diversity &  
Inclusion Office, HR Strategy Division,  
Corporate Strategy Headquarters  
Ayumi Nakayama

### D&I as a foundation for addressing change and creating value

**Nakayama:** We established the Diversity & Inclusion Office in April 2023 and have been promoting D&I in earnest. Ms. Nozaki, you were involved in promoting diversity at Horiba. What was your impression when you became an outside director of the JR-West Group in 2020?

**Nozaki:** When I interviewed the executive officers, I asked, “Are you really thinking about women’s participation in the workplace?” Everyone gave me a puzzled look and replied, “Of course. Even at worksites and in group companies, operations aren’t possible these days without female employees.” From these words, I felt that they were seriously considering how they could maximize the potential of female employees. On the other hand, the problem is that there are few women in management decision-making. It would be great if diverse human resources, not limited to women, could have more opportunities to be exposed to

the management decision-making process and learn about things like what top management is focusing on.

**Nakayama:** Ms. Tada, how do you feel about the changes since you joined the company?

**Tada:** During the Japanese National Railways era, before I joined JR-West, most of the employees involved in management and operations were men. When you look at the diversity of employees working in the JR-West Group today, we have come a long way. But, as pointed out by Ms. Nozaki, there are few women in executive and management positions, and there are concerns that management decisions and values tend to lack variety due to unconscious bias. As we expand our business in the field of life design as well as railways, in order to be chosen by a range of customers, it will be increasingly important to have diverse perspectives in decision-making.

In JR-West’s message on diversity, there was the sentence, “We regard nationality, age, disability, gender, sexual orientation, values, experience in childcare and

nursing care, experience inside and outside the company, and other aspects as important ‘individualities.’ We value the idea of recognizing and respecting each other with respect and empathy.” It’s good to have a broad view of diversity.

**Miwa:** In creating a new business plan for the post-pandemic era, we formulated the Long-Term Vision 2032 with Our Purpose as a compass for the entire Group (P3, P17). Even though future changes are difficult to foresee, we will respond to changes and aim to continue to provide new value to the world. To that end, I believe that being a diverse organization—having the perspectives of employees from various backgrounds, employees being able to express their opinions freely, and having a corporate culture that properly accepts those diverse opinions—will be the foundation for our ability to respond to change and create new value. To achieve this, we are furthering D&I as one of the pillars of the overall human resource strategy of the Group.

### From equality to equity— Mutual understanding and empathy is the premise of inclusion

**Nakayama:** Ms. Tada, you’ve been a pioneer for female employees. What do you think JR-West’s challenges are regarding the roles of women?

**Tada:** More women are being hired and more are becoming managers and railway site chiefs, but the overall number is still small. When I was head of the Kobe Branch, I tried to place female section chiefs together as much as possible. This is because when they are dispersed in various workplaces, they become a minority, and it is difficult for them to demonstrate their unique awareness and abilities. At a time when there are still few female leaders, I think it is



necessary to devise ways for women to demonstrate their abilities as a group to some extent.

In addition, some female employees have vague anxieties about their future, such as “I can’t work in the same way as male managers” or “I don’t think I can demonstrate leadership like men.”

**Nozaki:** It’s important not to leave it as “vague anxiety,” but to break down the elements and analyze them. For example, if you can see whether the cause of anxiety is about working hours, professionalism, interpersonal relationships, or the future, you begin to see solutions.

Anxiety weighs on people differently depending on their position, and it also changes depending on changes in the family situation. It’s important to express your anxieties openly. Then the people around you can face each other’s anxieties carefully, creating mutual understanding and respect in the organization, leading to inclusion.

In highly engaged workplaces, people frequently give feedback such as “You did a good job” and “Perhaps you should try doing it this way next time,” forming relationships in which people recognize each other.

**Nakayama:** In highly homogeneous organizations, there are many cases where things are communicated based on implicit understanding, but in organizations with diverse human resources, it is effective to communicate more explicitly. This is likely to improve management skills and work engagement.

**Miwa:** Furthering the participation of women in the workplace is an important issue of diversity. I believe that sustained growth cannot be achieved unless we become a corporate group where female employees can truly play an active role. In order to proceed systematically, we have set a numerical target of raising the percentage of women in



## Special roundtable

### JR-West Group's diversity and inclusion



leadership and management roles to 10% in fiscal 2028. In the process of achieving this target, it's important to break down and verbalize women's anxieties. We have been analyzing women's issues and anxieties from the perspective of age and life events, but on the premise that each person's anxiety is different, we will follow up on each person by communicating thoroughly and through systems and the support of the surrounding staff.

**Nozaki:** One aspect of diversity is the idea of equity, which is to firmly support people in different situations. It's important not only to develop a system that allows anyone to take childcare leave or work short hours, but also to think about what kind of support the person really wants.

**Miwa:** We have valued providing all employees with the same system based on the concept of equality. But if some people have limitations in a certain area or field, we should address those problems in the future. And based on the idea of equity, or making things fair, we should create an environment where people can have opportunities to take on new challenges and continue their careers.

### Making D&I that lets everyone shine a strength of the JR-West Group

**Tada:** While there are challenges, there are also points where our efforts are ahead of other companies. For example, hiring people with disabilities. At JR West Iwill Co., Ltd., a special subsidiary, employees are working very vibrantly.

**Miwa:** The company was established with the aim of enabling employees to recognize disabilities as each other's individuality and strengths, make the most of these strengths, and play an active and vibrant role. That is exactly

the philosophy of D&I.

**Nozaki:** The philosophy that all employees play an active role, regardless of whether they have disabilities, is fantastic. We can also praise the high rate of men taking childcare leave. A man I know who works for a media company explained why he took childcare leave saying, "My wife is an employee of JR-West, and she said it would be unthinkable for JR-West employees not to take childcare leave." The active participation of women is a social issue, and I realized once again that our company has a big impact.

**Miwa:** The rate of taking childcare leave for our male employees was 54.8% at the end of fiscal 2023, a significant increase from 37.8% in the previous year. To make it easier for male employees to take childcare leave, we hold seminars to hear from people who have taken childcare leave. We have also developed ways to allow easier communication with bosses, such as holding childcare-work support meetings. We have always focused on creating an environment where employees can realize the career they envision, regardless of gender or life stage.

**Tada:** Firming up the Group's advanced initiatives will also give us a competitive edge in hiring. If we actively disseminate information outside the company, a diverse range of people will join the Group and become the driving force for creating innovation.

**Nozaki:** That's right. D&I is a strength for a company. As each person shines, we will become a group of shining people, and when the JR-West Group shines, Japan will shine too. It would be fantastic to create such a chain.

**Nakayama:** It's exciting to think that embodying D&I will become a competitive strength for the company and lead to creating the future of communities.



### Turning Our Purpose into a unifying force— D&I for the Long-Term Vision 2032

**Nozaki:** As diversity progresses, diverse individualities and values will exist in the organization, and there will be conflicts, but Our Purpose will be the power to unite us. Diverse human resources mean different values and ways of doing work. But if we can work to realize what is set forth in Our Purpose as a common goal, we can create an even stronger organization with rich individuality.

**Tada:** Our Purpose states "We strive to solve regional issues, starting in western Japan. With the aim of creating a sustainable and vibrant future, we cooperate with our various partners to realize the lifestyles desired by all people." I joined the company because I wanted to make the world a better place and improve people's lives. We need diverse perspectives "to realize the lifestyles desired by all people." By furthering D&I and incorporating diverse values, the JR-West Group can expand the areas where it can provide solutions, in both the mobility field and the life design field.

**Nozaki:** Our starting point should be a desire to do things that benefit customers and employees, as demanded by government and society. It was groundbreaking to switch from the mindset of "If you work like a man, we'll let you join

us" to "Differences are our strengths." Promoting diversity is not easy, but by putting in the time and effort, we can create initiatives that will lead to strengths for our company. Speed is also important. Instead of having the HR division work on diversity alone, we could make more dynamic progress by bringing on board communicative people who can share our thoughts.

Another point that is often mentioned as one of the objectives of D&I is to strengthen governance. Diverse organizations allow you to see things in a multifaceted way, which can also help prevent scandals.

**Miwa:** Highly homogeneous organizations unknowingly go in the same direction. It's important from a governance perspective to have a corporate culture that properly accepts diverse opinions of employees with diverse values who ask "Is this really okay?" There are still many things that we must steadily improve step by step, but we will continue to communicate the areas where we are ahead, both internally and externally, so please look forward to it.

**Nozaki:** Let's realize D&I that will make everyone working at the JR-West Group shine and will make all stakeholders, including customers and local residents, happy.

**Nakayama:** We heard many valuable opinions from various perspectives, ideal for this diversity roundtable. Thank you all very much for your time today.

# Risk management

## JR-West Group's approach to risk management and internal control

To facilitate efforts aimed at creating new value in line with the Long-Term Vision and Medium-Term Management Plan 2025, we are establishing a company-wide risk management system in fiscal 2024 that will monitor, as well as track the current status of management of, important operational risks to be addressed by the Group.

Also, following our transition to being a company with an audit and supervisory committee, we are working to increase the effectiveness of our internal control system as a foundational element of value creation by pursuing more monitoring-focused management and developing a more robust Group management structure. In line with this, we are revising our basic policy to prioritize and summarize its content and are creating new internal regulations to clarify and systematize director duties as well as the allocation of duties with regard to specific initiatives.

### Group risk management

As part of the company-wide risk management system, the Group Risk Management Committee, chaired by the president, looks at the risks identified and selected by each department within JR-West (corporate), as well as each of our group companies (including in-house companies), compiles a list of those that must be addressed by management, and then monitors the status of their management.

A president's management review of the status of risk management confirmed by the committee is carried out. The results of this are reflected in risk management planning for the

next fiscal year, and the state of discussion by the committee is reported to the Board of Directors.

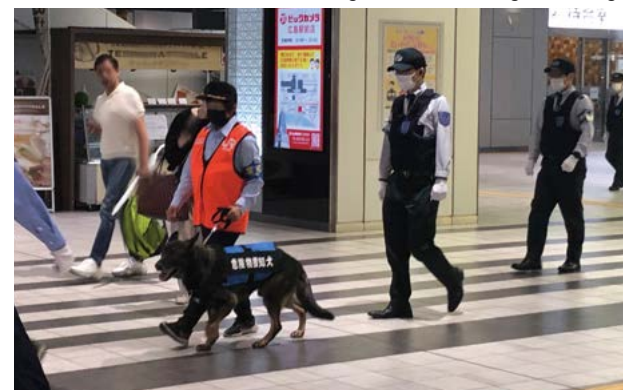


### Crisis management

- 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.
- In light of current events and concerns, during large-scale events like the G7 Summit, the entire JR-West Group is working to ensure heightened vigilance and security by conducting strengthened patrols of stations, trains, and important facilities. We also take other steps such as implementing high-tech security measures utilizing AI cameras and other state-of-the-art technology.
- We have created a BCP (business continuity plan), which ensures that we can flexibly adapt our business execution structure to the level of crisis faced.
- In order to mitigate risks to customer safety, we are pursuing food safety and building and equipment safety initiatives. For both, we have formulated common guidelines for the JR-West Group and are working to improve and maintain

safety and quality levels for the entire Group. Regarding food safety, we collaborate with specialized consulting companies to carry out initiatives that will prevent food poisoning, health hazards, and legal violations. These efforts include improving the effectiveness of daily hygiene management, quality control and internal audits, and adapting to changing laws and regulations.

#### G7 Hiroshima Summit: Detection dogs look out for dangerous things



(Photo: Central Security Patrols Co., Ltd.)

# Corporate ethics and human rights

## JR-West Group's approach to corporate ethics and human rights

For the JR-West Group, corporate ethics and human rights are at the foundation of our business activities. We believe that it is important to go beyond mere legal and rule compliance to show ourselves deserving of the confidence (trust and expectations) that society has in us. Towards that end, we have established an Employee Code of Ethics and other resources, which we disseminate among all executives and employees.

Given this, it is with great regret that the JR-West Group caused successive compliance violations in fiscal 2024, including working hours-related legal violations and business contracting-related improper billing and expiration date manipulation. We are thoroughly investigating the causes of this noncompliance and working to ensure it does not happen again, as well as applying the lessons learned throughout the entire Group and making other efforts to bolster compliance levels.

Also, in recognition of the heightened importance of human rights in business activities, and in conjunction with the formulation of Our Purpose and JR-West Group Long-Term Vision 2032, we revised the JR-West Group Human Rights Policy in April 2023. We will continue to work with stakeholders both inside and outside the Group as we strive to respond appropriately to the increasingly diverse and complex human rights issues we face.

We have issued a signed declaration in support of the United Nations Global Compact (UNGC) and were registered as a UNGC corporate participant on January 30, 2023. We will continue contributing to the creation of a sustainable society through adherence to the 10 principles advocated by the UNGC with regard to human rights, labor, the environment, and anti-corruption.



## Corporate ethics and human rights efforts

### Structures

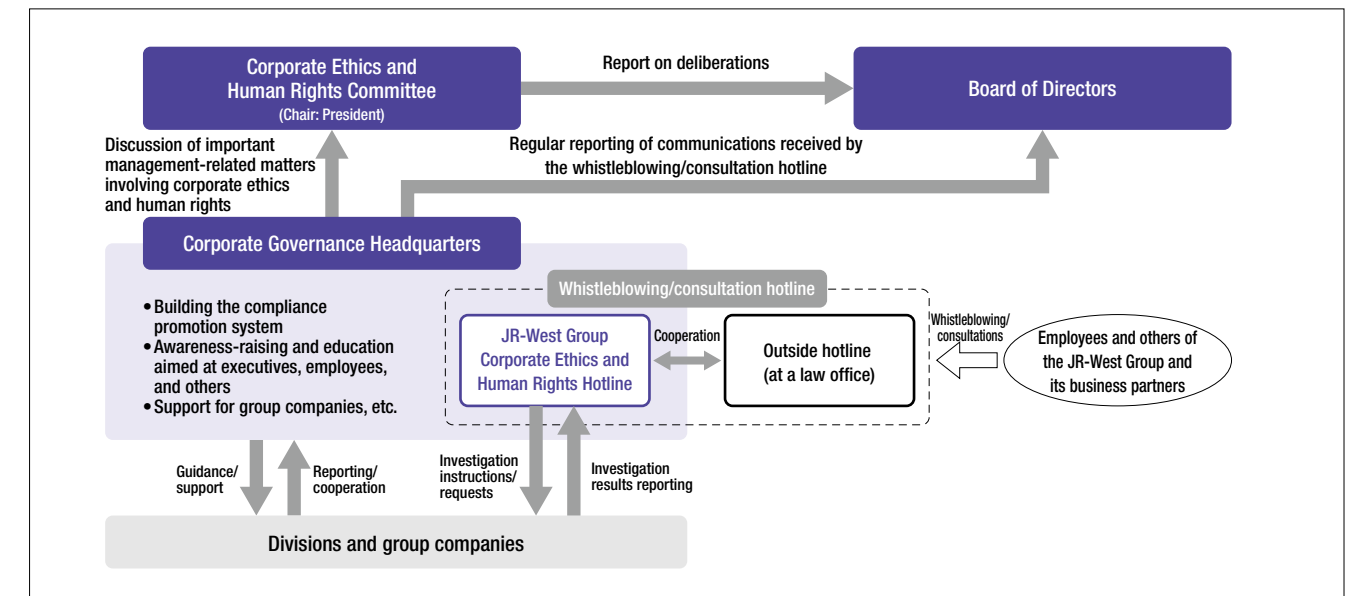
In line with our compliance promotion regulations, our Corporate Governance Headquarters plays a central role in building corporate ethics and human rights-related systems and in providing guidance and support to each department and group company.

In addition, important management matters are deliberated by the Corporate Ethics and Human Rights Committee, which

is chaired by the president and which includes outside experts. The content of these deliberations is reported to the Board of Directors, who then take appropriate action to mitigate risks related to corporate ethics and human rights.

Additionally, the number of whistleblowing and consultation cases received, as well as summaries of those cases, are regularly reported to the Board of Directors.

### JR-West Group's corporate ethics and human rights-related system





## Corporate ethics and human rights

### Education and awareness raising

We offer rank-specific training each year to executives, managers, and general employees of the JR-West Group on corporate ethics and human rights.

In particular, we are working hard to improve our corporate culture and prevent harassment, based on the belief that increasing psychological safety in organizations and workplaces is the first step in preventing scandals. We actively utilize case studies received through the corporate ethics questionnaire and whistleblowing system (described below) to

educate and raise awareness among executives and managers.

In recent years, we have not only worked to prevent misconduct, as we have done before, but also have given priority to measures that deepen understanding in keeping with global trends, such as the relationship between business and human rights.

We also regularly publish a compliance newsletter as a way to provide education and awareness-raising at each workplace.

### Corporate ethics questionnaire

Each year, the JR-West Group administers a corporate ethics questionnaire to monitor our corporate culture and look for signs of misconduct. In addition to reporting the questionnaire results to top management, such as those on the Corporate Ethics and Human Rights Committee, and sharing information about compliance issues, we use the results of the questionnaire to

study measures for preventing misconduct at each company and workplace, such as utilizing a free writing submission system as a “second whistleblowing hotline.”

With regard to harassment violations, which had a high reporting rate across the Group, we are working to reduce these by setting KPIs for the medium-term management plan period.

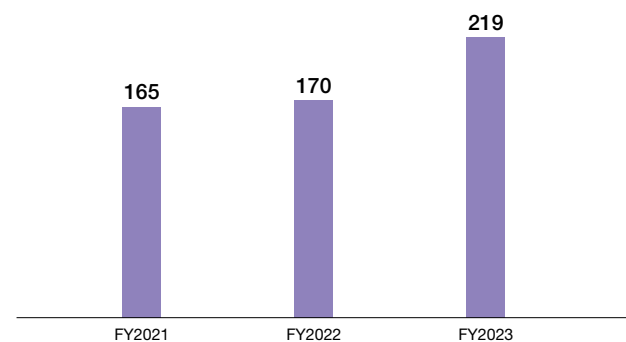
### Whistleblower system

The JR-West Group has established hotlines inside and outside the company 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.

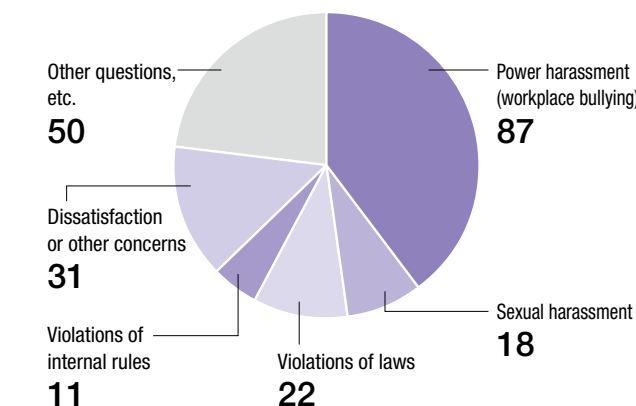
In April 2023, in an effort to improve confidence in the whistleblowing/consultation hotline, we changed the name of the internal hotline from the Ethics Office to the JR-West Group Corporate Ethics and Human Rights Hotline. We increased the number of hotline representatives, and we revised the system such that the diversity and expertise of our members is leveraged in handling reports. And, when handling reports, we ensure whistleblowers are thoroughly protected in accordance with the regulations for whistleblowing and consultations.

These hotlines also serve as contact points for redressing any negative impacts on human rights that occur in business activities. We accept reports and consultations from a wide range of stakeholders, including not only JR-West Group executives and employees, but also business partner employees. This way, we are striving to build a “self-cleansing” corporate culture by quickly identifying and dealing with fraud and human rights abuses within the JR-West Group.

### Number of incidents reported from FY2021 to FY2023



### Breakdown of whistleblower reports and requests for advice received during FY2023



### Business and human rights-related efforts

#### JR-West Group Human Rights Policy

To ensure that all executives and employees of the JR-West Group share, and act on, important values related to respect for human rights, we established the JR-West Group Basic Policy on Human Rights in April 2019 and have also been pursuing human rights-related efforts Group-wide. Given the expanding scope and target of human rights issues that companies need to consider in their business activities, in April 2023, based on advice solicited from multiple outside

experts, we revised the JR-West Group Basic Policy on Human Rights, renaming it as the JR-West Group Human Rights Policy.

In addition to presenting policies that pertain to the JR-West Group’s efforts to respect human rights, such as human rights due diligence, improving access to remedies, and pursuing dialogue with stakeholders, we ask for the understanding and cooperation of suppliers and others as well in implementing these policies.

#### Human rights due diligence

The JR-West Group conducts human rights due diligence as a means of identifying and mitigating human rights violation risks in the course of business activities.

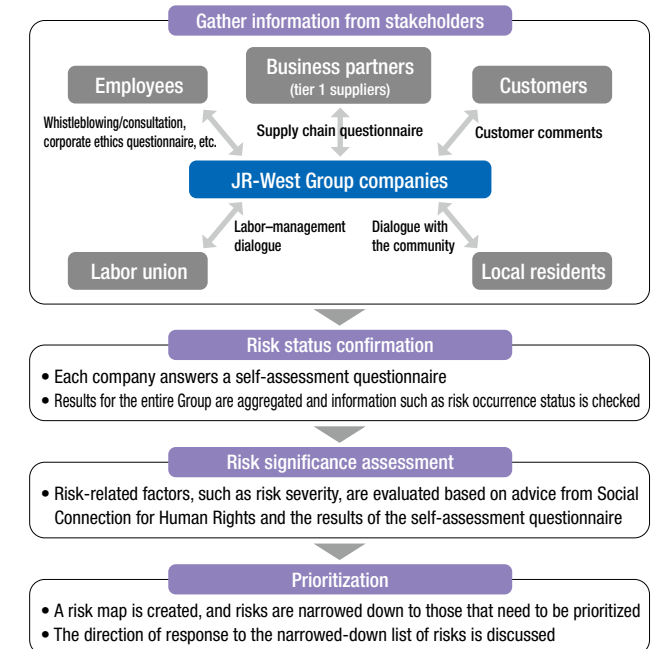
With regard to human rights issues like harassment and discrimination, we have been working to reduce risks at each workplace. Starting in fiscal 2024, we will work to identify and mitigate risks and evaluate effectiveness on a three-year cycle, based on a repositioned focus on human rights as a key management issue and acting in accordance with the Japanese government’s Guidelines on Respecting Human Rights in Responsible Supply Chains and other relevant guidelines.

Currently, we collect information from stakeholders through corporate ethics questionnaires for employees, dialogue with labor unions, supply chain questionnaires for tier 1 suppliers, and other means. Based on these, we conduct self-assessment questionnaires at each group company and,

with advice from Social Connection for Human Rights, an NGO specializing in human rights, we identify risks to be prioritized.

We will begin implementing specific initiatives during fiscal 2024 to mitigate the identified human rights violation risks.

#### Risk identification process in human rights due diligence



#### Access to remedies

The JR-West Group has established the JR-West Group Corporate Ethics and Human Rights Hotline, as well as an outside hotline, to serve as points of contact in seeking relief for human rights violations (i.e., as grievance mechanisms). For more information, see “Whistleblower system” (P87).

#### Message from an outside expert



Osaka University of Economics and Law  
**Emi Sugawara, Professor**

Management that respects human rights is essential for responsible corporate activity. In April 2023, the JR-West Group revised its human rights policy and, to contribute to a sustainable society, has taken a stance and established a system for respecting human rights in all of its business activities, including those of its business partners. The challenge for the future is to effectively implement this policy. As part of its human rights due diligence, the JR-West Group conducts human rights impact assessments via questionnaires given to its group companies and tier 1

suppliers. A diversity of industries means a diversity of human rights risks. It is expected that the opinions and input of stakeholders will be utilized in conducting human rights risk assessment and identification. In terms of procedures for seeking remedy, hotlines are in place that workers at group companies and business partners can access, but creating a system that is available to a wider range of stakeholders and that is highly professional and transparent will help to ensure the effectiveness of remediation. I look forward to seeing how these efforts will grow and develop in the future.

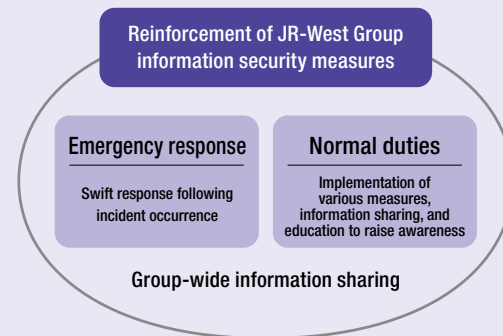
# Information security

## 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 risks posed, and damage caused, by cyberattacks have increased, as well as become more frequent, and the Japanese government has called for stronger cybersecurity as part of its national policy.

The JR-West Group deals with information security as one of the four pillars of its digital strategy, 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.



## JR-West Group's security structure

We have established an Information Security Committee chaired by the CISO (chief information security officer), and, under this, we operate the Critical Infrastructure Subcommittee and JR-West Group CSIRT.

In addition, we are working to improve the security level of the entire Group while also pursuing collaboration with external organizations.

### Information Security Committee

Beyond reporting on the results of security efforts within the JR-West Group, the committee also sets policy, based on internal and external trends, for efforts aimed at improving the security level of the JR-West Group.

### Critical Infrastructure Subcommittee

This subcommittee puts particular emphasis on identifying risks and implementing countermeasures for control systems, including those related to railway operations, as well as important systems that support social infrastructure such as ICOCA.

### JR-West Group CSIRT

We have established the JRW-CSIRT\*1 (JR-West Group CSIRT), an organization aimed at preventing security incidents and limiting the extent of their impact when they occur. We use it to foster awareness through information sharing and education and to respond quickly when incidents occur.

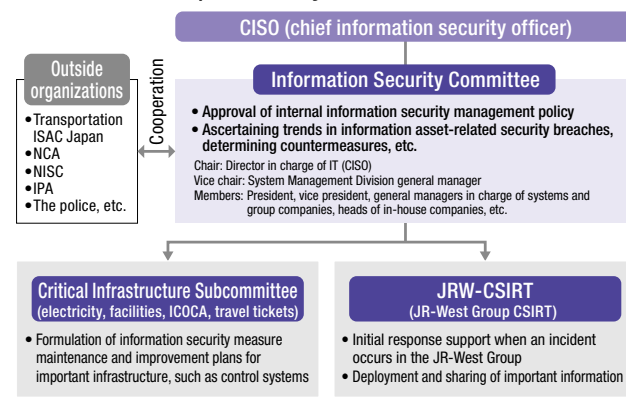
\*1 CSIRT: Computer Security Incident Response Team. An organization responsible for handling computer security-related incidents.

### Collaboration with external organizations

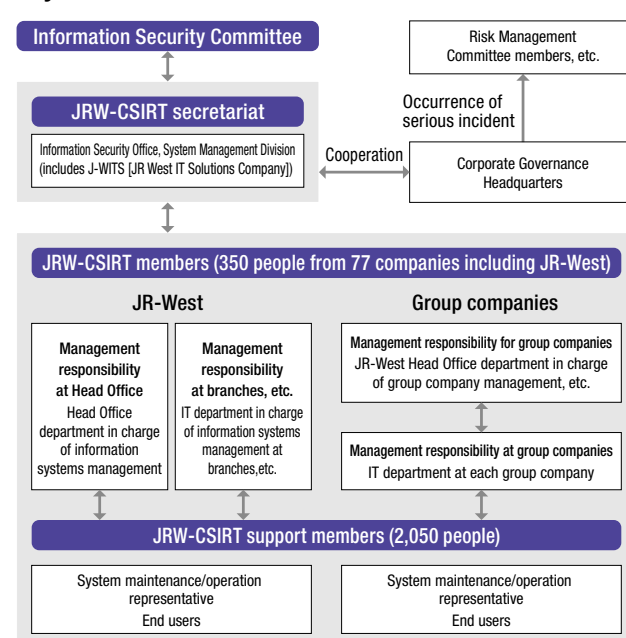
We are a member of the Transportation ISAC Japan\*2 and actively and regularly exchange information regarding information security with other companies. We also actively participate in security-related working groups organized by the NCA\*3 (Nippon CSIRT Association).

\*2 Transportation ISAC Japan: An organization that conducts activities contributing to the improvement of collective defense capabilities in the transportation and transport sector.  
\*3 NCA: An organization that facilitates information sharing and collaboration among CSIRTs operating in Japan.

## JR-West Group's security structure



## JRW-CSIRT structure



## Improving employee literacy

In order to improve employee literacy within the JR-West Group, we conduct targeted email attack drills and security-related education for all employees (approximately 44,000), as well as run training tailored to specific people as shown below.

### For senior management

We conduct training for senior management (approximately 200), including those from group companies, to help them understand the threat of cyberattacks and how to counter them, as well as the role that management should play in security measures.

### For personnel responsible for IT security

We conduct training for JRW-CSIRT members and information systems managers (approximately 2,900) within the JR-West Group in order to help cultivate human resources capable of taking the lead in information security measures. In addition to communicating the necessity of security measures when conditions are normal, we also conduct security incident response drills for JRW-CSIRT members (approximately 350).

### For personnel in charge of critical infrastructure

We take part in incident response training organized by the NISC (National Center of Incident Readiness and Strategy for Cybersecurity) for critical infrastructure operators.

### For employees seeking to become highly specialized personnel

We send employees for one year to take part in the core human resource development program organized by the IPA (Information Technology Promotion Agency) in order to develop them as security-related personnel. Additionally, we have established a system to support participation in external training and qualification acquisition, with a particular focus on encouraging security-related learning. As a result, approximately 50 people within the Group have passed the Registered Information Security Specialist examination.



## Digital strategy-related human resource development and training

Personnel Category	Content	Level
Highly skilled personnel	Sending employees to IPA; support system for participation in external training, etc.	• Knowledge at the level of a Registered Information Security Specialist
	Information security manager training (target: senior management, department heads)	
Local promotion leader	Information security leader training (target: local CSIRT members, etc.)	
	Information security supporter training (target: local CSIRT support members)	
	CSIRT operations orientation (target: local CSIRT members)	
	Incident response workshop (target: local CSIRT members)	
All employees	Security training for all employees, targeted email attack drills	• Can take the lead in information security measures and implement security measures for the systems under one's purview
		• Can handle personal/confidential information appropriately

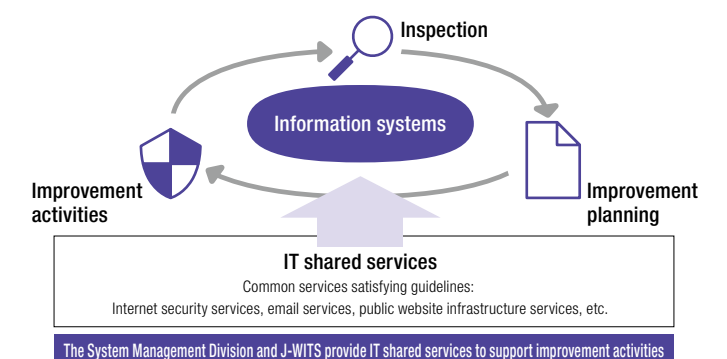
## Secure system development

Based on the concept of security by design, JR-West and group companies are exploring and approving security measures at the conceptual stage of system development. This applies to systems that handle customers' personal information and systems that have connection points with external networks, where security measures are considered particularly important. We are enacting necessary security measures involving confirmation from both a baseline and risk-based approach.



## 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 a total 118,646 items for 2,880 systems at JR-West and group companies each year to strengthen security measures on an ongoing basis.





# Non-financial data (environmental)

## Total CO<sub>2</sub> emissions (Scope 1/2/3, JR-West Group)

(Unit: Tons-CO<sub>2</sub>)

Item	Target and calculation method <sup>*3</sup>	FY2021 <sup>*6</sup>			FY2022 <sup>*6</sup>			FY2023 <sup>*1</sup>		
		Non-consolidated	Group companies <sup>*2</sup>	Total	Non-consolidated	Group companies <sup>*2</sup>	Total	Non-consolidated	Group companies <sup>*2</sup>	Total
(Restated) Scope 1+2+3	The sum of Scope 1, 2, and 3	3,211,681	1,274,337	4,486,017	3,051,247	1,397,268	4,448,516	3,084,498 ★	1,551,292 ★	4,635,790 ★
(Restated) Scope 1+2	The sum of Scope 1 and 2	1,370,636	190,040	1,560,676	1,323,874	202,778	1,526,652	1,285,956 ★	206,248 ★	1,492,204 ★
Scope 1	Total CO <sub>2</sub> 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 <sub>2</sub> equivalent mass for leaked fluorocarbons)	85,884	53,200	139,084	81,378	60,783	142,161	79,795 ★	64,808 ★	144,604 ★
Scope 2 <sup>*4</sup>	Total CO <sub>2</sub> emitted indirectly by the JR-West Group from the use of power and heat purchased from power companies and others	1,284,753	136,840	1,421,592	1,242,496	141,995	1,384,491	1,206,160 ★	141,440 ★	1,347,600 ★
Scope 3	Total CO <sub>2</sub> emitted from other companies in relation to the JR-West Group's business activities (indirect emissions other than Scope 1 and Scope 2)	1,841,044	1,084,297	2,925,342	1,727,373	1,194,491	2,921,864	1,798,542 ★	1,345,043 ★	3,143,585 ★
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	891,604	654,257	1,545,861	810,510	696,810	1,507,320	845,897 ★	853,667 ★	1,699,564 ★
Cat.2 Capital goods	Calculated by multiplying the annual amount of capital investment by the relevant emission factor	724,993	202,356	927,349	698,535	234,894	933,429	728,225 ★	230,620 ★	958,845 ★
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	215,943	47,232	263,174	207,748	49,262	257,010	210,138 ★	52,159 ★	262,297 ★
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	2,131	36,872	39,003	4,197	24,896	29,093	6,207 ★	23,586 ★	29,793 ★
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	608	613	1,220	925	987	1,912	2,833 ★	3,022 ★	5,855 ★
Cat.7 Employee commuting	Calculated by multiplying the number of employees/number of working days by the relevant emission factor	5,766	5,780	11,546	5,458	5,777	11,235	5,242 ★	5,569 ★	10,811 ★
Cat.11 Use of sold products	Calculated by multiplying the total floor area of sold property by the relevant emission factor	-	12,082	12,082	-	11,468	11,468	-	9,201	9,201
Cat.12 End-of-life treatment of sold products <sup>*5</sup>	Calculated by multiplying the total floor area of the property sold by the relevant emission factor	-	252	252	-	300	300	-	2,089	2,089
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.	-	124,853	124,853	-	170,098	170,098	-	165,131 ★	165,131 ★

\*1 Items covered by third-party assurance on page 93 are marked with a ★. The same applies to "Water resources" and "Fiscal 2023 environmental impact of business activities (consolidated)."  
 \*2 The scope of calculation for group companies encompasses all consolidated subsidiaries and Osaka Energy Service Co., Ltd. (equity method affiliate), a group company with particularly large energy consumption.  
 \*3 Based on the Act on Promotion of Global Warming Countermeasures, scope- and category-specific calculation of CO<sub>2</sub> emissions is carried out in line with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain ver. 2.5 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. 3.3 and the IDEA LCI Database ver. 2.3 (Sustainable Management Promotion Organization).  
 \*4 Scope 2 CO<sub>2</sub> emissions are market standards.  
 \*5 For the emission factor in Cat.12, we referred to the "Emission factors by major structures and items associated with building demolition" given in the Architectural Institute of Japan's guidelines for building LCA.  
 \*6 The figures for fiscal 2021 and 2022 differ from the figures announced last fiscal year due to changes in the scope of calculation for group companies.

Note: Cat.4, 8, 9, 10, 14, and 15 of Scope 3 are omitted for the following reasons.  
 Cat.4 (upstream transportation and distribution), Cat.9 (downstream transportation and distribution), Cat.10 (processing of sold products): Because of the nature of the JR-West Group's business, the impact from this has been determined to be negligible.  
 Cat.8 (upstream leased assets): Because this is accounted for in Scope 1 and/or Scope 2.  
 Cat.14 (franchises): Because franchise business is not part of the JR-West Group's business.  
 Cat.15 (investments): Because the JR-West Group does not hold any investment management shares.

## Water resources

(Unit: Thousand m<sup>3</sup>)

Item	Target and calculation method <sup>*2</sup>	FY2021 <sup>*3</sup>			FY2022 <sup>*3</sup>			FY2023		
		Non-consolidated	Group companies <sup>*1</sup>	Total	Non-consolidated	Group companies <sup>*1</sup>	Total	Non-consolidated	Group companies <sup>*1</sup>	Total
Total water withdrawal	Total for public water supply, groundwater, and industrial-use water	4,313	2,410	6,724	4,089	2,986	7,075	3,988 ★	4,183 ★	8,171 ★
Public water supply	Aggregate the usage amount on the bill from the waterworks bureau	-	-	-	3,172	2,637	5,809	3,082	3,344	6,425
Groundwater	Aggregate the measured values from meters managed in accordance with the Measurement Act	-	-	-	600	346	946	606	838	1,444
Industrial-use water	Aggregate the usage amount on the bill from the waterworks bureau	-	-	-	317	3	320	300	1	301
Recycled water		-	-	-	94	67	162	124	141	264
Total amount of wastewater	Total discharge into rivers and sewerage	3,991	2,739	6,730	3,835	3,217	7,052	4,028	4,019	8,047
Total discharge into rivers		-	-	-	455	21	477	410	28	438
Sewerage		-	-	-	3,380	3,196	6,576	3,618	3,991	7,609

\*1 The scope of calculation for group companies encompasses all consolidated subsidiaries and Osaka Energy Service Co., Ltd. (equity method affiliate), a group company with particularly large energy consumption.  
 \*2 Calculations are made with reference to the Environmental Reporting Guidelines of the Ministry of the Environment.  
 \*3 The figures for fiscal 2021 and 2022 differ from the figures announced last fiscal year due to changes in the scope of calculation for group companies.

## Fiscal 2023 environmental impact of business activities (consolidated)


Figures in [ ] are the non-consolidated amount of the consolidated figures

INPUT (Energy usage) <sup>*1*2</sup>	
Total energy consumption <sup>*3</sup>	34,907 thousand GJ★ [ 30,063 thousand GJ★ ]
Electricity	3.24 billion kWh [ 2.90 billion kWh ]
Kerosene	2,850 kl [ 2,759 kl ]
Gasoline	2,308 kl [ 844 kl ]
Propane gas	336 t [ 318 t ]
Diesel oil	35,224 kl [ 23,883 kl ]
Class A heavy oil	1,631 kl [ 825 kl ]
Utility gas	15,059 thousand m <sup>3</sup> [ 1,828 thousand m <sup>3</sup> ]

OUTPUT (Industrial waste) <sup>*1*2</sup>	
Used materials (facility construction)	228.2 thousand tons
Recycled volume	223.5 thousand tons
Recycled rate	97.9%
Used materials (rolling stock)	12.0 thousand tons
Recycled volume	11.6 thousand tons
Recycled rate	96.6%
Industrial waste <sup>*4</sup>	221.0 thousand tons★ [ 9.2 thousand tons★ ]
Hazardous waste (PCBs)	1,065 t
Industrial waste, of which is plastic industrial waste <sup>*5</sup>	10.1 thousand tons [ 4.0 thousand tons ]
Station and onboard garbage	8.8 thousand tons
Of which is recyclable	3.8 thousand tons
Recycled volume	3.8 thousand tons
Recycled rate	99.7%
Amount of products provided that use specified plastics <sup>*6</sup>	57.8 t [ 0.0 t ]

\*1 The scope of calculation for group companies encompasses all consolidated subsidiaries and Osaka Energy Service Co., Ltd. (equity method affiliate), a group company with particularly large energy consumption. However, used materials (facility construction), used materials (rolling stock), hazardous waste (PCBs), and station and onboard garbage are tabulated individually.  
 \*2 Input (energy usage) is calculated with reference to the Greenhouse Gas Emissions Calculation and Reporting Manual provided by the Ministry of the Environment and the Ministry of Economy, Trade and Industry and the Act on Rationalizing Energy Use and Shifting to Non-Fossil Energy. Output (industrial waste) is calculated with reference to the Waste Management and Public Cleansing Act (Waste Management Act).  
 \*3 Total energy consumption is the sum of energy consumption for electricity, fuel, and heat consumption.  
 \*4 Industrial waste refers to waste as defined by the Waste Management Act (waste discharged by businesses). It is calculated by summing the figures listed in manifests stipulated by the Waste Management Act.  
 Manifest: A management form that is required to be issued when outsourcing the transportation and treatment of waste to an outside company under the Waste Management Act. It gives the weight of the waste, the treatment method, and other information.  
 Group company output includes waste generated from construction work ordered by JR-West.  
 \*5 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. Group company output includes waste generated from construction work ordered by JR-West.  
 \*6 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.

# Third-party assurance



**Translation**

The following is an English translation of an independent assurance report prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.

October 11, 2023

**Independent Assurance Report**

TO:  
Mr Kazuaki Hasegawa  
President and Representative Director  
West Japan Railway Company., Ltd.

Kenji Sawami  
Engagement Partner  
Ernst & Young ShinNihon LLC, Tokyo, Japan

We, Ernst & Young ShinNihon LLC, have been commissioned by West Japan Railway Company., Ltd (hereafter the "Company") and have carried out a limited assurance engagement on the Key Non-Financial Data (Environmental) (hereafter the "Indicators") of the Company and its major subsidiaries for the year ended March 31, 2023 as included in Integrated Report 2023 in the Company's website (hereafter the "Report"). The scope of our assurance procedures was limited to the Indicators marked with the symbol "★" in the Report.

- The Company's Responsibilities**  
The Company is responsible for preparing the Indicators in accordance with the Company's own criteria, which it determined with consideration of Japanese environmental regulations as presented in the Report. Greenhouse gas (GHG) emissions are estimated using emissions factors, which are subject to scientific and estimation uncertainties given instruments for measuring GHG emissions may vary in characteristics, in terms of functions and assumed parameters.
- Our Independence and Quality Control**  
We have met the independence requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior. In addition, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the *International Standard on Quality Management (ISQM) 1* issued by the International Auditing and Assurance Standards Board.
- Our responsibilities**  
Our responsibility is to express a limited assurance conclusion on the Indicators included in the Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the *International Standard on Assurance Engagements: Assurance Engagements Other than Audits or Reviews of Historical Financial Information - ("ISAE 3000")* (Revised), and with respect to GHG emissions, the *International Standard on Assurance Engagements: Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410")*, issued by the International Auditing and Assurance Standards Board. The procedures, which we have performed according to our professional judgment, include inquiries, document inspection, analytical procedures, reconciliation between source documents and Indicators in the Report, and the following:
  - Making inquiries regarding the Company's own criteria that it determined with consideration of Japanese environmental regulations, and evaluating the appropriateness thereof;
  - Inspecting relevant documents with regard to the design of the Company's internal controls related to the Indicators, and inquiring of personnel responsible thereof at the Company and one subsidiary visited;
  - Performing analytical procedures concerning the Indicators at the Company and one subsidiary visited; and
  - Testing, on a sample basis, underlying source information and conducting relevant re-calculations at the Company and one subsidiary visited.

The procedures performed in a limited assurance engagement are more limited in nature, timing and extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than would have been obtained if we had performed a reasonable assurance engagement.
- Conclusion**  
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Indicators included in the Report have not been measured and reported in accordance with the Company's own criteria that it determined with consideration of Japanese environmental regulations.

## Fiscal 2023 performance in priority sustainability areas

Area	Target status and goals (KPIs) to achieve by FY2023	FY2023 achievements	
Safety	5 indices in the JR-West Group Railway Safety Think-and-Act Plan 2022 <b>Objectives over the 5 years through FY2023</b> (1) Train accidents that result in casualties among customers: Zero (1) 0 (2) Train labor accidents that result in fatalities among employees: Zero (2) 0	(1) 0 [0 cumulative incidents] (2) 0 [1 cumulative incident]	
	<b>FY2023 objectives</b> (3) Train accidents involving people that result in casualties among customers: Further 10% reduction (3) 9 (4) Accidents at level crossings: Further 10% reduction (4) 22 (5) Transportation disruptions due to internal factors: Further 10% reduction (5) 126	(3) 10 (4) 13 (5) 201	
Customer satisfaction	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	3.84	
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"> <li>• Community revitalization that reflects the needs of the community and societal changes</li> <li>• Creation of local business</li> <li>• Realization of sustainable local transportation systems (e.g., regional MaaS)</li> </ul>	
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) 6.31 (-0.09 year-on-year) (2) 6.62 (+0.02 year-on-year) (3) 6.19 (+0.02 year-on-year)	
	Mental and physical health (health management) (1) Percentage of employees experiencing high stress (2) Ratio of lively workplaces (3) Percentage 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) 5.5% (2) 64% (3) 46.2% (4) a. 22.2%, b. 11.1% c. 26.8%, d. 56.5% e. 48.1%, f. 76.2%
Corporate ethics, human rights	Promotion of diversity (to FY2022) (1) Ratio of female hires (2) Percentage 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	Note: Changed to track performance based on the Action Plan for Women's Empowerment and the Development of the Next Generation, which began in April 2022 (1) Ratio of female hires 25% or more .....31.4% (3) Number of female managers and supervisors 1.5 times or more (vs. the end of FY2022) ..... 1.13 times (5) Male employees' paternity leave utilization rate 35% or more .....54.8%
	Zero cases of serious compliance violations, such as organizational corruption, etc. 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	Zero cases of serious organizational corruption Awareness of the human rights policy according to employee awareness surveys: 80% (1) Participation rate: 97.3% With regard to (2), this was not implemented in FY2023 due to the redefinition of human rights due diligence
Global environment	(1) Energy intensity (2) Energy-saving railcars as a percentage of total rolling stock (3) Station and onboard 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% (6) -	(1) vs. FY2014: -5.0% (2) 91.2% (3) 99.7% (4) 97.9% (5) 96.6% (6) -
Risk management	<ul style="list-style-type: none"> <li>• Implementing drills for various risks, including earthquakes, and reviewing and revising systems, rules, etc. as necessary</li> <li>• Zero serious accidents or cases of damage related to information security</li> </ul>	<ul style="list-style-type: none"> <li>• Created railway-related BCP; held disaster response training</li> <li>• Zero information security-related serious incidents or damage</li> </ul>	
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"> <li>• Legal and appropriate institutional management, information disclosure, etc.</li> <li>• Dialogue was conducted with institutional investors and others as appropriate</li> <li>• No serious deficiencies were identified through investigations and letters of confirmation of execution of duties</li> </ul>	



# 11-Year Financial Summary (FY2013–FY2023)

Years ended March 31

Unit: Billion yen

	2013	2014	2015	2016	2017	2018 <sup>11</sup>	2019	2020	2021	2022 <sup>12</sup>	2023
<b>Consolidated balance sheets</b>											
Total assets	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	3,735.5
Total liabilities	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	2,591.1
Net assets	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	1,144.3
<b>Consolidated statements of income</b>											
Operating revenue (revenue from third parties)	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	1,395.5
Transportation	844.9	851.3	868.4	928.7	929.1	950.8	953.9	933.4	476.8	544.1	750.3
Retail	234.6	240.1	220.1	232.0	233.9	239.8	245.5	226.0	142.2	124.2	169.4
Real estate	90.9	102.2	87.2	108.8	109.5	139.6	148.5	165.1	145.7	151.1	170.0
Other businesses	128.4	137.1	174.4	181.5	168.8	170.0	181.3	183.6	133.3	211.5	305.6
Operating income	129.4	134.5	139.7	181.5	176.3	191.3	196.9	160.6	(245.5)	(119.0)	83.9
Transportation	90.1	91.0	100.6	125.1	121.7	130.3	136.2	105.3	(252.1)	(144.3)	24.4
Retail	(0.4)	4.4	1.5	5.3	5.2	7.2	6.1	3.8	(15.0)	(8.6)	5.6
Real estate	28.0	27.7	25.1	32.7	32.2	35.7	35.6	34.9	29.2	30.0	36.7
Other businesses	12.3	11.8	15.6	22.4	20.4	19.9	21.2	19.7	(5.1)	2.9	17.2
Recurring profit	104.6	112.9	121.9	162.2	160.7	177.7	183.3	148.3	(257.3)	(121.0)	73.6
Profit attributable to owners of parent	60.1	65.6	66.7	85.8	91.2	110.4	102.7	89.3	(233.2)	(113.1)	88.5
<b>Consolidated statements of cash flows</b>											
Cash flows from operating activities	238.0	237.7	223.6	259.8	234.1	275.1	289.7	240.1	(103.2)	(86.4)	273.9
Cash flows from investing activities	(154.7)	(165.3)	(212.9)	(233.2)	(295.8)	(166.3)	(247.4)	(268.6)	(211.6)	(188.7)	(214.9)
Cash flows from financing activities	(85.2)	(47.8)	1.6	(31.3)	44.3	(71.4)	(71)	(29.1)	446.7	384.6	(88.7)
<b>Key management indicators (consolidated)</b>											
Return on total assets (ROA) (%) <sup>1</sup>	4.9	5.1	5.1	6.4	6.0	6.3	6.2	4.9	(7.3)	(3.3)	2.3
Return on equity (ROE) (%) <sup>2</sup>	8.3	8.6	8.4	10.2	10.0	11.3	9.8	8.1	(23.7)	(12.4)	8.8
Equity ratio (%)	28.5	29.2	28.8	30.9	31.3	33.2	33.3	34.1	24.5	26.2	27.7
Interest-bearing debt balance (consolidated)	994.0	993.9	1,008.5	1,005.0	1,042.3	1,038.0	1,073.2	1,035.7	1,570.8	1,728.8	1,662.9
Net interest-bearing debt / EBITDA <sup>3</sup>	3.3	3.3	3.3	2.8	2.9	2.7	2.7	2.9	(19.2)	32.8	5.6
Debt-equity ratio (times) <sup>4</sup>	1.3	1.3	1.3	1.1	1.1	1.0	1.0	0.9	1.8	1.8	1.6
EBITDA (¥ billion) <sup>5</sup>	290.3	288.5	289.3	338.1	339.1	356.1	361.3	332.2	(70.8)	42.9	243.6
Earnings (net income) per share (EPS) (¥)	310.87	338.98	344.58	443.53	471.52	570.72	533.31	466.88	(1,219.71)	(516.06)	363.26
Book-value (net assets) per share (BPS) (¥) <sup>6</sup>	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	4,245.13
Dividend per share (¥)	110	115	125	135	140	160	175	182.5	100	100	125
Payout ratio (%)	35.4	33.9	36.3	30.4	29.7	28.0	32.8	39.1	—	—	34.4
Total return ratio (%) <sup>7</sup>	—	—	—	—	—	—	42.5	50.3	—	—	34.4
Dividend on equity (DOE) (%) <sup>8</sup>	2.9	2.9	3.1	3.1	3.0	3.2	3.2	3.2	1.9	2.4	3.0
Rate of total distribution on net assets (%) <sup>9</sup>	—	2.9	3.1	3.1	3.0	3.2	4.2	4.1	1.9	2.7	3.0
<b>Other items</b>											
Depreciation and amortization (consolidated)	160.8	153.9	149.5	156.6	162.7	163.5	163.1	170.4	173.4	160.8	159.6
Capital expenditures (consolidated)	152.9	166.7	225.6	233.1	192.4	169.4	245.3	254.5	216.6	213.1	214.6
Capital expenditures (non-consolidated)	124.8	144.5	186.4	198.7	159.8	127.8	190.9	176.2	167.4	149.4	155.9
(Restated) Safety-related investment	72.7	89.3	90.2	126.0	105.0	83.2	125.2	116.1	105.1	83.0	73.2
Number of employees at work (consolidated; as of March 31)	45,326	46,006	47,565	47,456	47,382	47,869	47,842	48,323	4,798.4	4,677.9	44,897
Number of employees at work (non-consolidated; as of March 31)	26,889	27,300	26,886	26,555	25,821	25,291	24,866	24,439	2,390.0	2,271.5	21,727

Unit: Billion yen

	2013 <sup>10</sup>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total transportation revenue</b>											
Shinkansen	357.0	364.4	375.9	437.2	434.6	447.7	457.0	441.2	165.5	211.6	351.6
Kansai urban area (Kyoto-Osaka-Kobe area)	288.9	292.1	296.2	302.2	305.0	309.0	308.1	307.5	194.4	210.7	256.7
Other lines	123.0	123.9	124.8	110.5	110.0	111.0	108.2	108.1	59.4	653	86.0

1 Return on total assets (ROA) = operating income / [(total assets at the end of the previous fiscal year + total assets at the end of the fiscal year under review) / 2]  
2 Return on equity (ROE) = net income / [(equity at the end of the previous fiscal year + equity at the end of the fiscal year under review) / 2]  
3 Net interest-bearing debt / EBITDA = (interest-bearing debt – cash and deposits) / (operating income (after enterprise tax readjustment) + depreciation expense + amortization of goodwill)  
4 Debt-equity ratio = long-term debt and payables / total shareholders' equity  
5 EBITDA = operating income (after enterprise tax readjustment) + depreciation expense + amortization of goodwill  
6 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  
7 Total return ratio = (total dividends + acquisitions of treasury stock) / net income  
8 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]

9 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]  
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 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.  
12 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, 2022)	Current consolidated fiscal year (March 31, 2023)
<b>Assets</b>		
Current assets		
Cash	319,843	<b>290,138</b>
Notes and accounts receivable-trade	42,579	<b>43,886</b>
Railway fares receivable	30,906	<b>41,472</b>
Accounts receivable	90,441	<b>115,535</b>
Securities	79	<b>36</b>
Inventories	145,884	<b>153,234</b>
Other current assets	88,902	<b>73,844</b>
Less allowance for doubtful accounts	(588)	<b>(1,616)</b>
Total current assets	718,048	<b>716,532</b>
Non-current assets		
Property, plant, and equipment		
Buildings and structures	1,234,911	<b>1,230,595</b>
Machinery and transport equipment	385,046	<b>399,001</b>
Land	782,009	<b>782,965</b>
Construction in progress	150,783	<b>117,193</b>
Other property, plant, and equipment	57,029	<b>51,447</b>
Total property, plant, and equipment	2,609,781	<b>2,581,205</b>
Intangible assets	31,268	<b>49,254</b>
Investments and other assets		
Investments in securities	97,520	<b>101,980</b>
Net defined benefit asset	3,134	<b>3,173</b>
Deferred tax assets	197,964	<b>232,895</b>
Other investments and assets	48,499	<b>53,558</b>
Less allowance for doubtful accounts	(4,936)	<b>(3,761)</b>
Total investments and other assets	342,181	<b>387,846</b>
Total non-current assets	2,983,232	<b>3,018,306</b>
Deferred assets		
Share issuance cost	1,140	<b>668</b>
Total deferred assets	1,140	<b>668</b>
<b>Total assets</b>	<b>3,702,421</b>	<b>3,735,507</b>

Unit: Million yen

	Prior consolidated fiscal year (March 31, 2022)	Current consolidated fiscal year (March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	57,134	<b>66,020</b>
Short-term loans payable	14,229	<b>17,483</b>
Current portion of bonds	25,000	<b>100,000</b>
Current portion of long-term loans payable	71,572	<b>39,553</b>
Current portion of long-term payables for acquisition of railway properties	1,167	<b>1,245</b>
Accounts payable	105,944	<b>122,108</b>
Accrued consumption tax	8,371	<b>23,451</b>
Accrued income tax	9,535	<b>13,600</b>
Inter-line fares received	3,588	<b>2,240</b>
Deposits received	122,083	<b>119,536</b>
Prepaid railway fares received	30,404	<b>37,244</b>
Advances received	62,336	<b>44,052</b>
Allowance for bonuses	23,480	<b>29,540</b>
Allowance for loss on disaster	1,205	<b>396</b>
Allowance for point program	654	<b>706</b>
Other current liabilities	39,188	<b>41,283</b>
Total current liabilities	575,898	<b>658,464</b>
Non-current liabilities		
Bonds	949,990	<b>859,992</b>
Long-term loans payable	578,435	<b>557,482</b>
Long-term payables for acquisition of railway properties	98,681	<b>97,436</b>
Deferred tax liabilities	1,145	<b>1,474</b>
Allowance for large scale renovation of Shinkansen infrastructure	25,000	<b>29,166</b>
Allowance for environmental safety measures	5,880	<b>3,414</b>
Allowance for loss on liquidation of railway belts	16,627	<b>15,794</b>
Net defined benefit liability	238,077	<b>223,318</b>
Other long-term liabilities	138,471	<b>144,653</b>
Total non-current liabilities	2,052,311	<b>1,932,733</b>
Total liabilities	2,628,209	<b>2,591,198</b>
<b>Net assets</b>		
Total shareholders' equity		
Common stock	226,136	<b>226,136</b>
Capital surplus	183,812	<b>183,904</b>
Retained earnings	561,874	<b>626,108</b>
Treasury stock, at cost	(482)	<b>(1,378)</b>
Total shareholders' equity	971,341	<b>1,034,772</b>
Valuation and translation adjustments		
Net unrealized holding gain on securities	(1,270)	<b>1,061</b>
Deferred gains or losses on hedges	—	<b>(9)</b>
Remeasurements of defined benefit plans	(1,131)	<b>(1,347)</b>
Total valuation and translation adjustments	(2,402)	<b>(295)</b>
Non-controlling interests	105,272	<b>109,832</b>
Total net assets	1,074,211	<b>1,144,309</b>
<b>Total liabilities and net assets</b>	<b>3,702,421</b>	<b>3,735,507</b>



## Consolidated Statements of Income

Unit: Million yen

	Prior consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Operating revenue	1,031,103	<b>1,395,531</b>
Operating expenses		
Transportation, other services and cost of sales	987,857	<b>1,126,833</b>
Selling, general, and administrative expenses	162,338	<b>184,727</b>
Total operating expenses	1,150,195	<b>1,311,560</b>
Operating income (loss)	(119,091)	<b>83,970</b>
Non-operating revenue		
Interest income	101	<b>41</b>
Dividend income	3,153	<b>997</b>
Dividends income of insurance	1,443	<b>1,546</b>
Transfer from administrative fee of contracted construction	1,762	<b>1,646</b>
Equity in earnings of affiliates	1,022	<b>1,099</b>
Reversal of allowance for doubtful accounts	173	<b>1,708</b>
Subsidies for employment adjustment	10,371	<b>1,854</b>
Other	5,591	<b>4,282</b>
Total non-operating revenue	23,620	<b>13,177</b>
Non-operating expenses		
Interest expense	21,450	<b>20,816</b>
Other	4,126	<b>2,711</b>
Total non-operating expenses	25,576	<b>23,528</b>
Recurring income (loss)	(121,047)	<b>73,619</b>
Extraordinary profits		
Gain on sale of non-current assets	33,674	<b>7,262</b>
Gain on contributions received for construction	19,678	<b>65,983</b>
Compensation income for expropriation	1,208	<b>1,406</b>
Other	4,256	<b>1,787</b>
Total extraordinary profits	58,818	<b>76,440</b>
Extraordinary losses		
Loss on deduction of contributions received for construction from acquisition costs of property, plant, and equipment	18,375	<b>63,493</b>
Loss on reduction for expropriation, etc.	1,208	<b>1,405</b>
Provision of allowance for loss on liquidation of railway belts	8,638	<b>—</b>
Other	15,121	<b>12,287</b>
Total extraordinary losses	43,343	<b>77,186</b>
Profit (loss) before income taxes	(105,573)	<b>72,873</b>
Income taxes – Current	11,378	<b>14,429</b>
Income taxes – Deferred	(6,186)	<b>(35,426)</b>
Total income taxes	5,191	<b>(20,997)</b>
Profit (loss)	(110,764)	<b>93,871</b>
Profit attributable to non-controlling interests	2,433	<b>5,342</b>
Profit (loss) attributable to owners of parent	(113,198)	<b>88,528</b>

## Consolidated Statements of Comprehensive Income

Unit: Million yen

	Prior consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Profit (loss)	(110,764)	<b>93,871</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	(484)	<b>2,442</b>
Deferred gains or losses on hedges	—	<b>(12)</b>
Remeasurements of defined benefit plans, net of tax	(975)	<b>(275)</b>
Share of other comprehensive income of associates accounted for using equity method	(1)	<b>(29)</b>
Total other comprehensive income	(1,462)	<b>2,125</b>
Comprehensive income	(112,226)	<b>95,996</b>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(114,838)	<b>90,635</b>
Comprehensive income attributable to non-controlling interests	2,611	<b>5,361</b>

## Consolidated Statement of Cash Flows

Unit: Million yen

	Prior consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(105,573)	<b>72,873</b>
Depreciation and amortization	160,868	<b>159,655</b>
Loss on deduction of contributions received for construction from acquisition costs of property, plant, and equipment	18,375	<b>63,493</b>
Loss on disposal of property, plant, and equipment	5,984	<b>5,228</b>
Gain (loss) on sales of non-current assets	(33,488)	<b>(7,184)</b>
Increase (decrease) in liability for retirement benefits	(18,686)	<b>(15,416)</b>
Increase (decrease) in allowance for doubtful accounts	(113)	<b>(147)</b>
Increase (decrease) in provision for employees' bonuses	4	<b>6,055</b>
Increase in allowance for large-scale renovation of Shinkansen infrastructure	4,166	<b>4,166</b>
Increase (decrease) in other provisions	5,721	<b>(4,089)</b>
Interest and dividend income	(3,255)	<b>(1,039)</b>
Interest expense	21,450	<b>20,816</b>
Equity in earnings of affiliates	(1,022)	<b>(1,099)</b>
Proceeds from contribution for construction	(19,678)	<b>(65,983)</b>
Decrease (increase) in notes and accounts receivable-trade	(39,478)	<b>(37,305)</b>
Decrease (increase) in inventories	(22,680)	<b>(3,364)</b>
Increase (decrease) in notes and accounts payable-trade	(41,733)	<b>55,335</b>
Decrease/increase in consumption taxes receivable/payable	10,194	<b>15,073</b>
Other	8,563	<b>37,883</b>
Subtotal	(50,382)	<b>304,952</b>
Interest and dividends income received	3,254	<b>1,033</b>
Interest paid	(21,215)	<b>(20,633)</b>
Income taxes paid	(18,124)	<b>(11,388)</b>
Net cash provided by operating activities	(86,468)	<b>273,964</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant, and equipment	(240,480)	<b>(246,013)</b>
Proceeds from sales of property, plant, and equipment	34,832	<b>11,389</b>
Contributions received for constructions	26,365	<b>28,920</b>
Purchases of investments in securities	(1,829)	<b>(2,375)</b>
Proceeds from sales of investments in securities	1,582	<b>700</b>
Net decrease (increase) in loans receivable	(3,144)	<b>(1,304)</b>
Other	(6,036)	<b>(6,218)</b>
Net cash used in investing activities	(188,711)	<b>(214,902)</b>
<b>Cash flows from financing activities</b>		
Net increase in short-term loans	(5,104)	<b>1,217</b>
Proceeds from long-term loans	68,600	<b>18,600</b>
Repayments of long-term loans	(36,952)	<b>(71,572)</b>
Proceeds from issuance of bonds	160,000	<b>10,000</b>
Redemption of bonds	(25,000)	<b>(25,000)</b>
Payment of long-term payables for acquisition of railway properties	(1,309)	<b>(1,167)</b>
Proceeds from issuance of common shares	250,857	<b>—</b>
Purchases of treasury stock	(0)	<b>(963)</b>
Cash dividends paid	(23,214)	<b>(24,400)</b>
Dividends paid to non-controlling interests	(305)	<b>(235)</b>
Other	(2,885)	<b>4,756</b>
Net cash (used in) provided by financing activities	384,685	<b>(88,765)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	109,505	<b>(29,703)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	210,045	<b>319,596</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	45	<b>—</b>
<b>Cash and cash equivalents at end of year</b>	319,596	<b>289,893</b>