4 | A foundation for value creation

Sustainability initiatives | Coexistence with communities | Global environment | Human resource strategy | Message from the CFO | **Corporate governance**

Internal control system

JR-West Group's approach to internal control

In the JR-West Group, we have positioned our internal control system as the foundation for realizing our Long-Term Vision, which is grounded in Our Purpose.

As a company with an audit and supervisory committee, we are working to enhance our monitoring-focused management and Group management structure. In line with our internal control basic policy, we have formulated internal control regulations that clarify and systematize the responsibilities of each director and the responsibility structure for specific initiatives, thereby enhancing the effectiveness of the internal control system.

Overview of the internal control system

Our internal control basic policy, stipulated in accordance with the Companies Act, has been prioritized, outlined, and developed as a domain of responsibility for the Board of Directors.

In addition, we have formulated internal control regulations, which systematically define specific initiatives for each item of internal control required by the Regulations for Enforcement of the Companies Act and which clarify the responsibilities of directors.

The implementation status of each initiative set out in the basic policy and internal control regulations is monitored, and the implementation status of items set out in the basic policy, in particular, is reviewed annually by the Board of Directors.

Internal control basic policy

Describes important internal control initiatives and other items that should be resolved and monitored by the Board of Directors

Major items: • JR-West's goal for its internal control system
• Initiatives to be resolved by the Board of Directors
(Items related to basic matters required by the Companies Act; items related to the prevention of serious incidents; important Group guidelines)

Internal control regulations

A comprehensive description of the responsibilities of directors in terms of internal control and the company's overall efforts with regard to internal control

Major items: • Overview of the internal control system
(Responsibilities of the president, executive directors, etc.; operational status confirmation and continuous improvement)
• Specific initiatives (control activities) and promotion system
(initiatives set out in the basic policy and other actions required for internal control)

Compliance regulations

Risk management regulations