Group risk management (company-wide risk management system)

JR-West Group's approach to risk management

As we take on the challenge of creating new value under the Medium-Term Management Plan 2025, we are monitoring the major risks that need to be addressed in the management of the JR-West Group and the status of risk control. Of the risks identified and selected by each department within JR-West (corporate) and group companies (in-house companies and other group companies), the Group Risk Management Committee meets twice a year to compile and list the major risks that need to be addressed from a management perspective and to monitor their control status.

When identifying and selecting major business environment-related risks, we seek insight into what society will be like in the future and review and verify the direction of the strategies we need to adopt from a backcasting perspective.

Additionally, we have established individual, specialized committees to engage in more concrete and efficient discussion on such risks as railway safety, climate change, and human rights.

Risk management policy

(1) The president, the general manager of the Corporate Governance Headquarters, and risk managers* will establish and operate the Group's risk management system to enhance corporate value and control the risk of loss.

(2) The general manager of the Corporate Governance Headquarters will use the Group's risk management system to coordinate within the Group to ensure that priority risks for the Group are addressed without omission.

(3) Risk managers will improve responsiveness to risks under their own purview, taking into consideration the above and the risk response of other risk managers.

*Risk managers...Persons who report major risks to the Group Risk Management Committee as well as manage those risks.
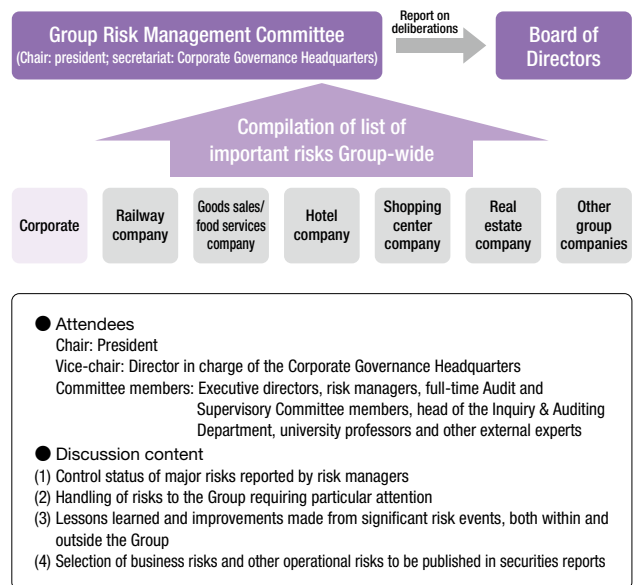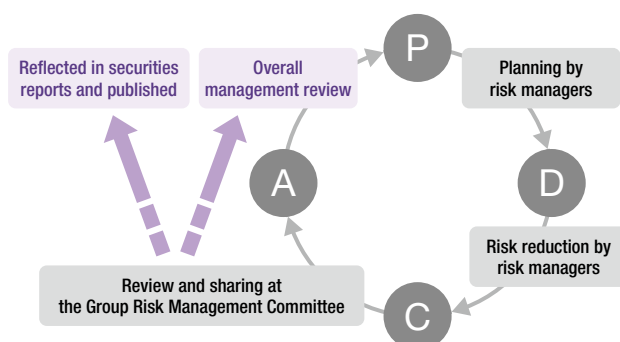
Company-wide risk management PDCA cycle

Risk managers plan ways to control and reduce major risks in the businesses and operations under their respective purviews.

The Group Risk Management Committee creates a list of the "accumulated" major risks reported by risk managers and the "bird's-eye view" corporate strategy risks presented by the general manager of the Corporate Strategy Headquarters. This allows for centralized management of offensive and defensive risks and the pursuit of improvement through the PDCA cycle.

Group Risk Management Committee

● Attendees
Chair: President
Vice-chair: Director in charge of the Corporate Governance Headquarters
Committee members: Executive directors, risk managers, full-time Audit and Supervisory Committee members, head of the Inquiry & Auditing Department, university professors and other external experts

● Discussion content
(1) Control status of major risks reported by risk managers
(2) Handling of risks to the Group requiring particular attention
(3) Lessons learned and improvements made from significant risk events, both within and outside the Group
(4) Selection of business risks and other operational risks to be published in securities reports

List of business risks and other operational risks published in securities reports

Based on the standards required by the Cabinet Office Order on Disclosure of Corporate Affairs, the "Business Risks and Other Operational Risks" section of the securities report describes the likelihood and timing of risks manifesting, the impact of risks on business, and measures used to address risks.

Business risks and other operational risks

(1) Ensuring safety
(2) Occurrence of natural disasters and other disasters
(3) Dramatic changes in the business environment
(4) Securing human resources
(5) Securing supply chains
(6) Information security and management
(7) Occurrence of serious crimes, terrorism, etc.
(8) Infectious disease outbreaks and epidemics
(9) Compliance
(10) Specific legal regulations (railway business, Shinkansen development)

4 | A foundation for value creation

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

Group risk management (company-wide risk management system)

In addition to establishing and operating a company-wide risk management system, we are implementing the following initiatives to enhance the effectiveness of risk management.

Multifaceted analysis and handling of business and policy-specific risks

With regard to important measures such as the agenda items to be submitted to the Group Management Committee, specific risks are subjected to investigation and analysis carried out in conjunction with legal departments. In addition, if there are any changes in the risk situation after decisions are made, a system is in place to issue the necessary reports to the Group Management Committee and others.

> **Before decisions are made**
> Ensure that business departments and legal departments share information from the planning stage of important policies and that specific risks are presented to the management team in an appropriate manner for decision-making.

> **After decisions are made**
> After decisions are made, monitor the status of risks that could have a significant impact on the Group's management, as well as the status of other, remaining risks, and issue reports to the Group Management Committee and others.

Establishing pre-coordination guidelines

At JR-West, in order to ensure that business and legal departments work together early and respond appropriately to risks that may arise in the course of policy implementation, we have clarified matters for which legal departments will perform risk checks in advance, such as in the case of important investments and contributions.

Sharing major legal risk cases with management

The findings gained from analyzing contract risks, compliance risks, and other risks and how we responded to them in the JR-West Group are regularly reported to the Group Management Committee and others.

Encouraging group companies

Top management seminars

We hold top management seminars for JR-West executives and the presidents of group companies.

In fiscal 2024, we invited outside speakers to give lectures on the importance of resolving major issues that concern management from a risk perspective, and of utilizing one's own position to make decisions and take action to constructively resolve issues, working with the reporting parties to identify causes and develop countermeasures, rather than focusing on who is personally at fault, even in the case of bad reports.

Risk management guidelines

In addition to improving the effectiveness of risk management at individual companies, we have formulated guidelines for the implementation of risk management via a linked risk management system within the Group.

These guidelines present a model that operates in accordance with theory, as well as a model that simplifies the process depending on factors such as company size. Each company can then adopt a hybrid of these models in accordance with its own management structure, thereby optimizing risk management for each company.

教科書どおりの **セオリー・モデル**

会社規模等に応じて 無理なく長続きする **シンプル・モデル**

Action Plan Check Do

Privacy governance

When handling our customers' important data, we not only comply with laws and regulations but are also proactive about matters like privacy consideration and ensuring transparency. We are working to comply with the "Guidebook for Corporate Privacy Governance in the Digital Transformation Era" created by the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs and Communications, as well as with laws in Europe, the U.S., and China, where the systems required are particularly sophisticated.

Major initiatives of FY2025

• Establishment of a Privacy Station webpage to inform customers about our approach and efforts related to privacy protection
• Establishment of the JR-West Group Privacy Policy, which creates a unified stance for the entire Group on privacy protection
• Disclosure within JR-West's privacy policy of information pertaining to legal compliance required in major overseas countries and regions, such as Europe's GDPR, California's CCPA, and China's Personal Information Protection Law
• Establishment of a dedicated team to further enhance privacy governance

Emergency preparedness

Basic approach to emergency preparedness

In the event that an emergency occurs, or is likely to occur, the JR-West Group has put in place a range of mechanisms to minimize losses for the Group by quickly containing the emergency and restoring operations, with the safety of customers and employees as top priority.

Initial response system and BCPs

In order to put in place a system facilitating a rapid and appropriate initial response following the occurrence of a risk event, which encompasses a diverse range of hazards such as natural disasters and terrorism, we have prepared systematic regulations and manuals and conduct regular training.

> **Events for which rules and manuals are established individually**
> • Train accidents involving passenger deaths and injuries • Disasters
> • Terrorist acts, killings, bodily harm, or bombings at our facilities
> • Major earthquakes and disasters • Armed attacks and other such situations
> • Crisis situations when traveling abroad • Personal information leakage
> • Food-related accidents • Systems failure

We have established emergency response guidelines, which stipulate initial response procedures that can be applied to cases that are difficult to handle, such as by using existing rules, and that can functionally support the emergency headquarters of group companies.

In addition, we have formulated business continuity plans (BCPs) for the resumption of railway operations and the continuation of business, such as in the event of an infectious disease outbreak, so that we are prepared for emergency situations and can flexibly establish business execution structures suited to the level of the emergency.

Food safety and building and equipment safety initiatives

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, outside consulting firms to prevent food poisoning, allergy-related problems and other 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.

Group-wide training on food safety

Cooperating with group companies in normal times and using an emergency communication system

We ensure cooperation during normal operation periods by holding regular meetings with emergency management personnel from group companies and elsewhere.

We also have a system for reporting promptly to management any risk events that could affect human life, property, or social credibility in the business operations of JR-West or group companies.

Worksites and other locations (incident locations/related locations)
Group companies and other entities (incident locations/related locations)

Immediate reporting — Communication — Immediate reporting

Head Office-related departments | **Regional organizations**

Immediate reporting — Immediate reporting

Corporate Governance Headquarters

Establishment of a risk level-responsive initial response system — Cooperation — Communication

Corporate Communications Department, Head Office-related departments — Immediate reporting of serious events — **Outside public institutions**

Group Risk Management Committee members and others

Our values | President's message | Value creation process | A foundation for value creation | Data