

Corporate governance

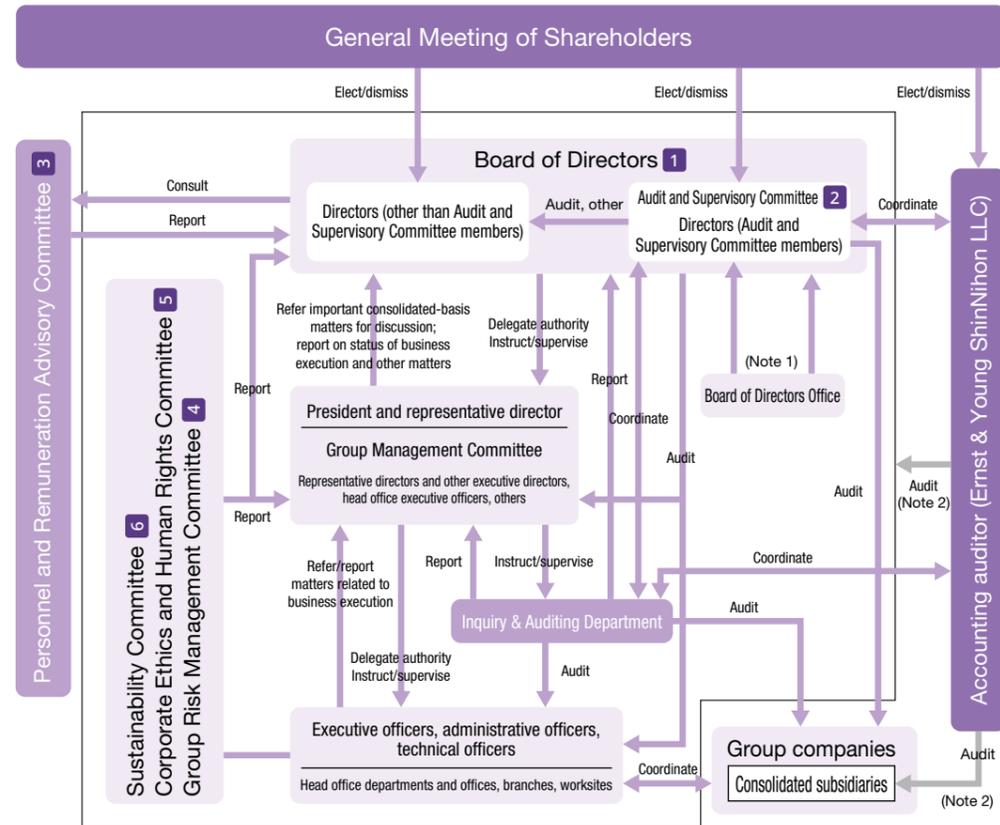
JR-West Group's approach to corporate governance

The JR-West Group has been making continuous efforts to contribute to the creation of a safe and prosperous society. With safety as its foundation, the Group provides infrastructure services, having points of contact with many customers and ties with local communities. The Group believes that it can play a role in creating future society by addressing social issues and evolving connections. The Group will create social and economic value through its business activities in line with Our Purpose for this vision.

Based on Our Purpose, corporate philosophy, and safety charter, JR-West will continue to make constant efforts to improve railway safety, fulfill its corporate social responsibility, and strive for sustained development.

In order to realize these objectives, JR-West will execute business operations from a medium- to long-term perspective in keeping with the intent of the corporate governance code and the characteristics of its businesses, and it will strive to establish long-term trusting relationship with each of its stakeholders, including shareholders. Furthermore, from the perspective of improving transparency, soundness, and efficiency of business operations, JR-West, aiming for the enhancement of corporate governance, will make efforts to improve the systems to ensure the following: establishment of corporate ethics, strengthening of functions to monitor and supervise corporate management, and facilitating prompt decision-making and flexible execution of operations.

Corporate governance structure of JR-West



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.

1 Board of Directors

In order to ensure prompt decision-making and flexible business execution, the Board of Directors delegates a large amount of decision-making authority to the executive directors and focuses on discussions and deliberations regarding various issues related to improving corporate value over the medium to long term, such as key business strategies, the direction of the business portfolio, and opportunities and risks related to sustainability, while also making timely and appropriate decisions as necessary.

Furthermore, we have formulated a basic policy for internal control systems, as stipulated in the Companies Act, and internal control regulations which, based on the basic policy, clarify and systematize the responsibilities of each director and the system of responsibility for specific initiatives. The Board of Directors annually monitors the implementation status of each item listed in the basic policy, thereby enhancing the effectiveness of our internal control system.

In addition, in order to further strengthen the monitoring function of the Board of Directors, timely and appropriate reports on the status of individual business operations, including matters related to safety and corporate ethics, are received.

- ▶ For an overview of the discussions at fiscal 2025 Board of Directors meetings and the opinions of the outside directors, see page 97.
- ▶ For information on the evaluation of the effectiveness of the Board of Directors and efforts to improve it, see page 99.

2 Audit and Supervisory Committee

The Audit and Supervisory Committee formulates audit policies and plans, and, based on these, members attend important meetings, such as the Board of Directors meetings, receive reports from directors (excluding directors who are Audit and Supervisory Committee members) and employees on the status of their performance of duties and the establishment and operation of internal control systems, and request explanations as necessary, thereby auditing the performance of directors' duties and providing necessary advice and recommendations.

Members also work in cooperation with the accounting auditor, internal audit department, and other parties by regularly exchanging information.

In fiscal 2025, the audit focused on the following key items: the dissemination and progress of Our Purpose, Long-Term Vision 2032, and updated Medium-Term Management Plan 2025; safety improvement; initiatives to secure and develop necessary human resources, improve work engagement, and enable employees to thrive; and specific systems for ensuring compliance at each level and the operational status of these systems.

- ▶ For the special roundtable discussion by the Audit and Supervisory Committee members, see page 101.

3 Personnel and Remuneration Advisory Committee

JR-West 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, and policies and criteria for selection, dismissal, and remuneration of directors and officers.

We are also currently discussing ways to improve our succession plan.

- ▶ For information on officer remuneration, see page 98.

4 Group Risk Management Committee

We have established a Group Risk Management Committee with the aim of promoting sound Group management. We operate a risk management system that enables centralized management of significant risks in the operations of JR-West and its group companies.

The committee is chaired by the president and comprises executive directors, risk managers who report and manage significant risks, full-time Audit and Supervisory Committee members, the head of the Inquiry & Auditing Department, and outside experts such as university professors. In principle, the committee meets twice a year to discuss and evaluate the management status of significant risks and responses to risks within the Group that require particular attention.

- ▶ For details on Group risk management initiatives, see page 106.

5 Corporate Ethics and Human Rights Committee

We have established a Corporate Ethics and Human Rights Committee with the aim of preventing serious misconduct within the Group and building a self-cleansing corporate culture in which signs of misconduct are detected and addressed early.

The committee is chaired by the president and comprises executive directors, heads of departments that are particularly important for promoting compliance within the Group, full-time Audit and Supervisory Committee members, the head of the Inquiry & Auditing Department, and outside experts such as lawyers. In principle, the committee meets twice a year to discuss and evaluate important issues related to compliance with laws and regulations and human rights.

- ▶ For information on corporate ethics and human rights, see page 109.

6 Sustainability Committee

We have established a Sustainability Committee for deliberating sustainability-related risks, opportunities, and initiatives.

The committee is chaired by the president and comprises executive directors in charge of Head Office departments and heads of departments in charge of sustainability initiatives and information disclosure. In principle, the committee meets twice a year to identify and monitor material issues related to sustainability management and to consider information disclosure.

- ▶ For details on our sustainability promotion system, see page 20.

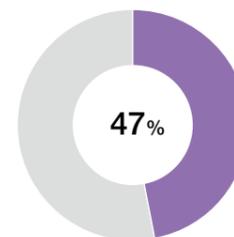
Corporate governance



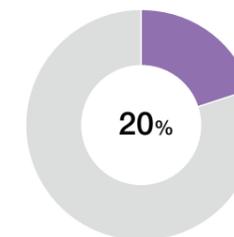
Board of Directors

Name	Position in the company	Major concurrent posts, other	Number of years as board member	Attendance at board meetings (FY2025)	Attendance at Audit and Supervisory Committee meetings (FY2025)	Attendance at Personnel and Remuneration Advisory Committee meetings (FY2025)
1 Kazuaki Hasegawa	Chairman of the board and representative director (chairman of the Board of Directors)	—	13 years	15/15 meetings	—	10/10 meetings
2 Haruko Nozaki	Independent outside director	Former junior corporate officer of Horiba, Ltd. Executive vice president of Kyoto University Outside director of Sekisui Chemical Co., Ltd.	5 years	15/15 meetings	—	10/10 meetings
3 Kenji Iino	Independent outside director	Former managing director and executive managing officer of Mitsui Fudosan Co., Ltd. Executive director of Nippon Building Fund Inc.	3 years	15/15 meetings	—	—
4 Yoshiyuki Miyabe	Independent outside director	Former director, executive vice president, and representative in Tokyo of Panasonic Holdings Corporation	3 years	15/15 meetings	—	7/7 meetings
5 Yutaka Kanai	Independent outside director	Chairman of the board of Hokuriku Electric Power Company	Appointed in June 2025	—	—	—
6 Shoji Kurasaka	President and representative director	—	7 years	15/15 meetings	—	10/10 meetings
7 Koichi Haruna	Vice president, representative director, and executive officer	—	1 year	11/11 meetings	—	—
8 Akira Inoue	Vice president, representative director, and executive officer	—	1 year	11/11 meetings	—	—
9 Hideo Okuda	Director and senior managing executive officer	—	3 years	15/15 meetings	—	—
10 Yasuo Umetani	Director and senior managing executive officer	—	Appointed in June 2025	—	—	—
11 Takeshi Urushihara	Director and senior executive officer	—	1 year	11/11 meetings	—	—
12 Maki Ogura	Independent outside director, full-time Audit and Supervisory Committee member, and chairman of the Audit and Supervisory Committee	Former lawyer and judge	5 years (including 2-year tenure as auditor)	15/15 meetings	15/15 meetings	—
13 Makiko Tada	Director and full-time Audit and Supervisory Committee member	—	2 years	15/15 meetings	15/15 meetings	—
14 Emiko Hazama	Independent outside director and Audit and Supervisory Committee member	Former deputy mayor, Sakai City Professor at the Department of Public Affairs, Osaka University of Commerce	5 years (including 2-year tenure as auditor)	15/15 meetings	15/15 meetings	—
15 Kenryo Goto	Independent outside director and Audit and Supervisory Committee member	Former Osaka Office managing partner and senior executive board member of KPMG AZSA LLC Certified public accountant, Kenryo Goto Certified Public Accountant Office Outside director (Audit and Supervisory Committee member) of Towa Pharmaceutical Co., Ltd.	3 years	15/15 meetings	15/15 meetings	—

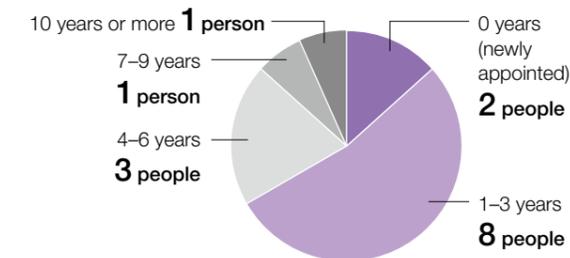
Percentage of independent outside directors among directors 7 out of 15



Percentage of women among directors 3 out of 15



Proportion of the number of years as director



Note: Includes tenure as auditor.

Knowledge, experience, abilities, and other strengths of directors (skills matrix)

We have clarified 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. These skills are 1) corporate management, 2) governance, 3) safety and quality, 4) customer satisfaction and marketing, 5) innovation and global environment, 6) community and city development, and 7) coexistence with local communities. 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.

The table below lists the seven aforementioned skills that each director currently possesses and is expected to demonstrate in particular. For the reasons for the appointment of directors (excluding directors who are Audit and Supervisory Committee members), please refer to pages 6–11 of the “Proposals and Business Report for the 38th Ordinary General Meeting of Shareholders.” For the reasons for the appointment of directors who are Audit and Supervisory Committee members, please refer to pages 17–19 of the “Notice of the 37th Ordinary General Meeting of Shareholders.”

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

Name	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
1 Kazuaki Hasegawa	●	●				●	
2 Haruko Nozaki		●					●
3 Kenji Iino	●			●		●	
4 Yoshiyuki Miyabe	●		●		●		
5 Yutaka Kanai	●		●		●		
6 Shoji Kurasaka	●	●	●				
7 Koichi Haruna	●		●			●	●
8 Akira Inoue	●		●				
9 Hideo Okuda	●			●	●		
10 Yasuo Umetani	●	●		●			
11 Takeshi Urushihara			●				●
12 Maki Ogura		●					●
13 Makiko Tada			●	●			●
14 Emiko Hazama		●				●	●
15 Kenryo Goto	●	●					

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.

Overview of the discussions at fiscal 2025 Board of Directors meetings and the opinions of the outside directors

Theme	Outside directors' opinions (summary)
Improve safety	<ul style="list-style-type: none"> Safety-related education should be enhanced not only about processes and procedures but also on their purpose and significance. It's important to take steps to improve safety, taking into account the characteristics of mid-career hires and younger generations of employees.
Revitalize and restructure core businesses	<ul style="list-style-type: none"> Considering Japan's future, JR-West should further pursue commonality with other companies, such as in terms of railway business infrastructure, in order to make efficient investments. JR-West should analyze customer feedback, identify the essential issues, and then implement measures to address them. Investigation of feasible applied development should be accelerated based on foreseeable technological advances. Following the end of Expo 2025, it is important to ensure the results achieved from the Expo are more broadly applied, and further efforts to contribute to this should be made.
Real estate and city development	<ul style="list-style-type: none"> The social value that JR-West aims to create through its business should be considered from the perspectives of environmental issues and the SDGs. I hope to see long-term urban development pursued through the building of cooperative relationships with the government, businesses, and others. Taking into consideration medium- to long-term trends, a plan to increase value after development should be considered. Value creation and dissemination should be carried out on a wide scale.
Digital strategy	<ul style="list-style-type: none"> New services should be launched only after safety has been confirmed. From the perspective of clarity, JR-West should seek to optimize and integrate its own services.
Financial strategy and shareholder returns	<ul style="list-style-type: none"> JR-West should provide more detailed explanations to investors regarding the synergies between its businesses and the background to fare regulations. JR-West should explain to investors that the measures planned through the public offering have been largely completed and that EPS has returned to pre-pandemic levels.
Human resources strategy	<ul style="list-style-type: none"> Developing talent capable of becoming top management is an important issue that will determine the future of JR-West. It's necessary to develop the next generation of management talent that is uniquely JR-West by passing on non-verbal skills and corporate culture. Regarding mid-career hiring, I hope to see mechanisms put in place to facilitate communication of JR-West's philosophy to people before they are hired, and, after they are hired, connection with careers, evaluations, and the company's unique values and corporate culture, in order to further improve retention rates.
Governance	<ul style="list-style-type: none"> Stronger compliance should be ensured when expanding overseas. Officers of group companies should be appointed based on their suitability in terms of both business execution and compliance/governance. If there is a long time between the occurrence of an incident and reporting it, the situation may worsen; thus, JR-West should take an approach that allows people to seek advice without hesitation. In the real estate business, which is easily affected by external factors such as interest rate trends, appropriate governance should be in place when pursuing this business.

Officer remuneration (overview of the remuneration system for directors)

In order to establish a remuneration system that functions sufficiently as an incentive to achieve sustained improvement in corporate value and that also takes into account the JR-West Group Medium-Term Management Plan 2022, we consulted with the Personnel and Remuneration Advisory Committee regarding decision-making policy on individual director remuneration and other matters (hereinafter, "decision-making policy"). Respecting the Committee's recommendations, we made a resolution at the Board of Directors meeting held on February 24, 2021.

With regard to this decision-making policy, coinciding with the start of the JR-West Group Medium-Term Management Plan 2025, a resolution was passed at the Board of Directors meeting held on April 28, 2023 to revise the policy 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. This revised decision-making policy applies to remuneration from July 2023 onwards.

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. If an individual eligible for stock compensation violates laws or regulations, or if any other specific circumstances stipulated in the restricted stock allocation agreement apply to him or her, JR-West will, upon a resolution of the Board of Directors, acquire all of the allocated shares free of charge. (Malus and clawback provisions)

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 at the discretion of the president and representative director, based on the above policy and by a resolution of the Board of Directors.

In order to ensure fairness and reliability in remuneration decisions, specific decisions will be made based on the recommendations of the Personnel and Remuneration Advisory Committee and will be subject to deliberation by a Personnel Committee comprised of multiple representative directors, the director in charge of personnel, and others.

Remuneration for directors who are Audit and Supervisory Committee members will be determined through discussion among the directors who are Audit and Supervisory Committee members and shall be within the range of remuneration resolved at the General Meeting of Shareholders.

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	Financial indicators	Consolidated income	70%	Payment in cash on a fixed date	30%
			Asset efficiency			
			Ratio of life design field to consolidated income			
Individual performance	Non-financial indicators	Railway safety	30%	Payment of monetary claims on a fixed date, and delivery of restricted stock compensation in exchange for payment	10%	
		Global environment				
		Work engagement				
Share-based remuneration	Payment of a base amount corresponding to management-related responsibilities					

*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.

Corporate governance

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

The fiscal 2024 evaluation of the effectiveness of the Board of Directors confirmed that the effectiveness of the Board of Directors has been maintained and improved, based on the implementation status of initiatives to strengthen monitoring and oversight functions and further enhance communication between outside directors and the Audit and Supervisory Committee, with active discussions on strategies to improve medium- to long-term corporate value, and the content and quality of discussions having improved.

On the other hand, wide-ranging challenges to improve effectiveness of the Board of Directors for the future were raised, mainly by outside directors, such as the following: the need to further deepen discussions related to challenges aimed at value creation; the need to further devise approaches to facilitate discussions that prioritize the challenges and processes of monitoring; and the need to continuously discuss the skills

that the Board of Directors needs to be equipped with and to make efforts to acquire further insight.

Based on these results, the Board of Directors meetings in fiscal 2025 focused on deepening discussions on value creation and medium- to long-term issues, further improving monitoring methods to ensure discussions focus on issues and processes, and improving the Board's knowledge in responding to changes in the environment.

In fiscal 2025 as well, the Board of Directors' effectiveness was evaluated as follows to assess whether the required roles and responsibilities are being appropriately fulfilled and to seek improvements.

Overview of the fiscal 2025 Board of Directors effectiveness evaluation

- Questionnaire given to the Board of Directors: December 2024 to January 2025
- Discussions by the Board of Directors: January 2025
- Evaluation results reported to the Board of Directors: February 2025

Evaluation results of the effectiveness of the Board of Directors in fiscal 2025

As a result of the questionnaire and discussions, it was confirmed that the effectiveness of the Board of Directors has been maintained and improved, based on the content and quality of discussions aimed at promoting value creation and growth strategies, the improvement of monitoring functions through focused discussions, and the appropriateness of the composition and skills matrix of the Board of Directors, including an improvement in knowledge for responding to environmental changes.

On the other hand, a wide range of issues were raised regarding how to improve the effectiveness of the Board of Directors in the future, including the need for deeper discussions on improving safety and creating value, the need to improve the accuracy of monitoring, including at major group companies, and, to that end, the need to improve the operation of the Board of Directors to make it more efficient and effective.

Challenges for the Board of Directors to address during fiscal 2026

We have determined that the Board of Directors is functioning effectively. However, we will continue to carry out the following initiatives towards further improving the effectiveness of the Board of Directors and strengthening corporate governance.

1. On further improving the content and quality of discussions by the Board of Directors
By making good use of the matters for discussion stipulated in the regulations of the Board of Directors, we will further deepen discussions that will contribute to improving corporate value, such as improving safety, which is the foundation of the JR-West Group, and the value we provide to stakeholders in urban development.
2. On further improving monitoring and supervision functions
We will further improve the accuracy of monitoring, including by having the managers in charge of business execution at major group companies report on the status of business execution.
3. Further improvement of the operation of the Board of Directors
In order to stimulate discussions at Board of Directors meetings, we will strive to make meeting management more efficient and effective.
4. We have been working on the following items for some time, and will continue to work on them, to improve the effectiveness of the Board of Directors.
 - (1) Establishment of a system to distribute information
To ensure the strengthening of monitoring and supervision functions of the Board of Directors, JR-West has established and maintains a system for giving information to outside directors.
To be more specific, JR-West provides outside directors with preliminary explanations regarding points of discussion, previous internal discussions, and other topics with regard to propositions for the meetings of the Board of Directors in order to facilitate substantial and effective discussions at Board of Directors meetings. The company also provides them with opportunities, other than the Board of Directors meetings, to give explanations on important business challenges and other topics and arranges site inspections as a means of giving information on current business conditions and background information on measures.
Furthermore, necessary additional explanations on the matters pointed out and questions raised at the Board of Directors meeting are given at a Board of Directors meeting to be held immediately following the relevant meeting and other occasions.
 - (2) Enhancement of discussions through the establishment of matters for consultation
In addition to matters to be resolved and matters to be reported, JR-West establishes in the regulations of the Board of Directors matters for consultation where the medium- to long-term management policy, strategies, and important business challenges are discussed, and the Board of Directors conducts continuous and substantial discussions from a medium- to long-term viewpoint.
 - (3) Sharing of the content of discussions at meetings of the Board of Directors
The content of discussions and matters pointed out at meetings of the Board of Directors are fed back to and shared at the Group Management Committee, which is also attended by executive officers and others, and utilized in the drafting and implementation of measures and other purposes.

Effectiveness evaluation of the Audit and Supervisory Committee

The effectiveness of the Audit and Supervisory Committee was discussed, and it was confirmed that sufficient cooperation is being achieved through the sharing of issues with the internal audit department.

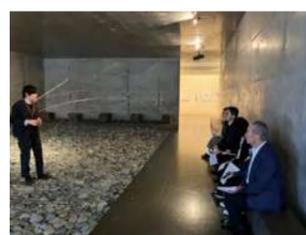
In order to improve Group governance, the committee is working to provide support to the auditors of group companies, as well as to improve the teamwork of the Group's auditors as a whole.

Offsite meetings

Month held / Participating divisions	
2024	2025
August	May
Work Style Reform Project Team	Transport Safety Department
	August
	Innovation Department

On-site inspections and other visits

Month held / Sites visited
2024
September
Inogate Osaka
November
Forest Festival of the Arts Okayama: Clear-Skies Country



Forest Festival of the Arts Okayama: Clear-Skies Country