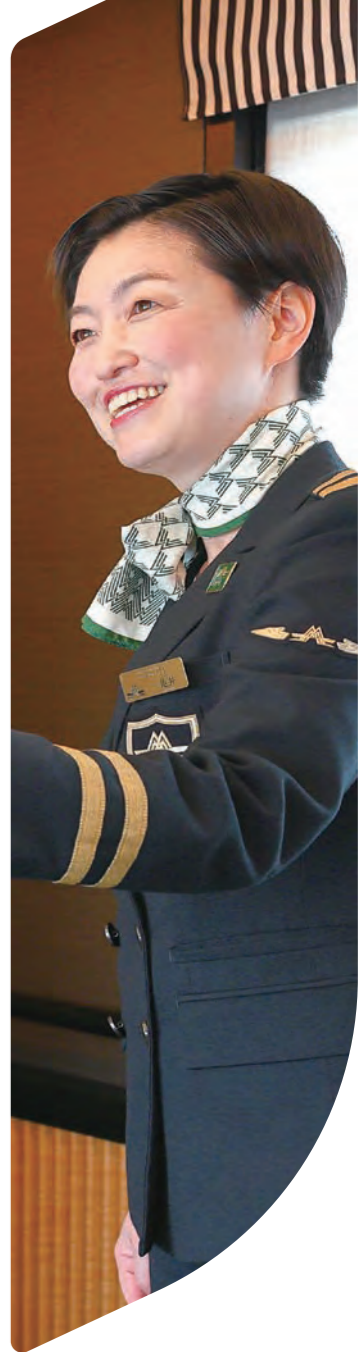




# JR-WEST GROUP INTEGRATED REPORT 2024

Our report on value creation



JR-West Group Integrated Report 2024

**West Japan Railway Company**

Corporate Strategy Division, Corporate Strategy Headquarters  
4-24 Shibata 2-chome, Kita-ku, Osaka 530-8341, Japan  
<https://www.westjr.co.jp/global/en/>



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.

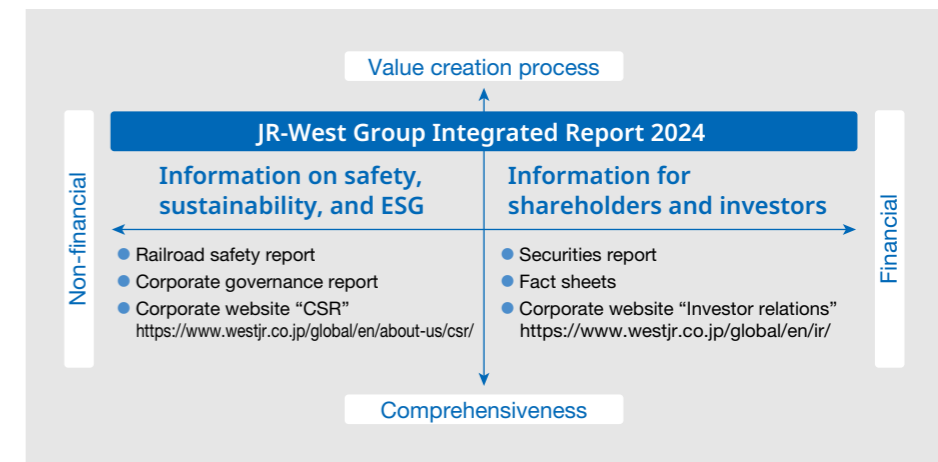
## System of information disclosure

**Applicable period**  
In principle, April 2023 to March 2024

**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 October 31, 2024, 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, we will work with "Our Purpose" as our aim and our compass for the entire JR-West 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.**

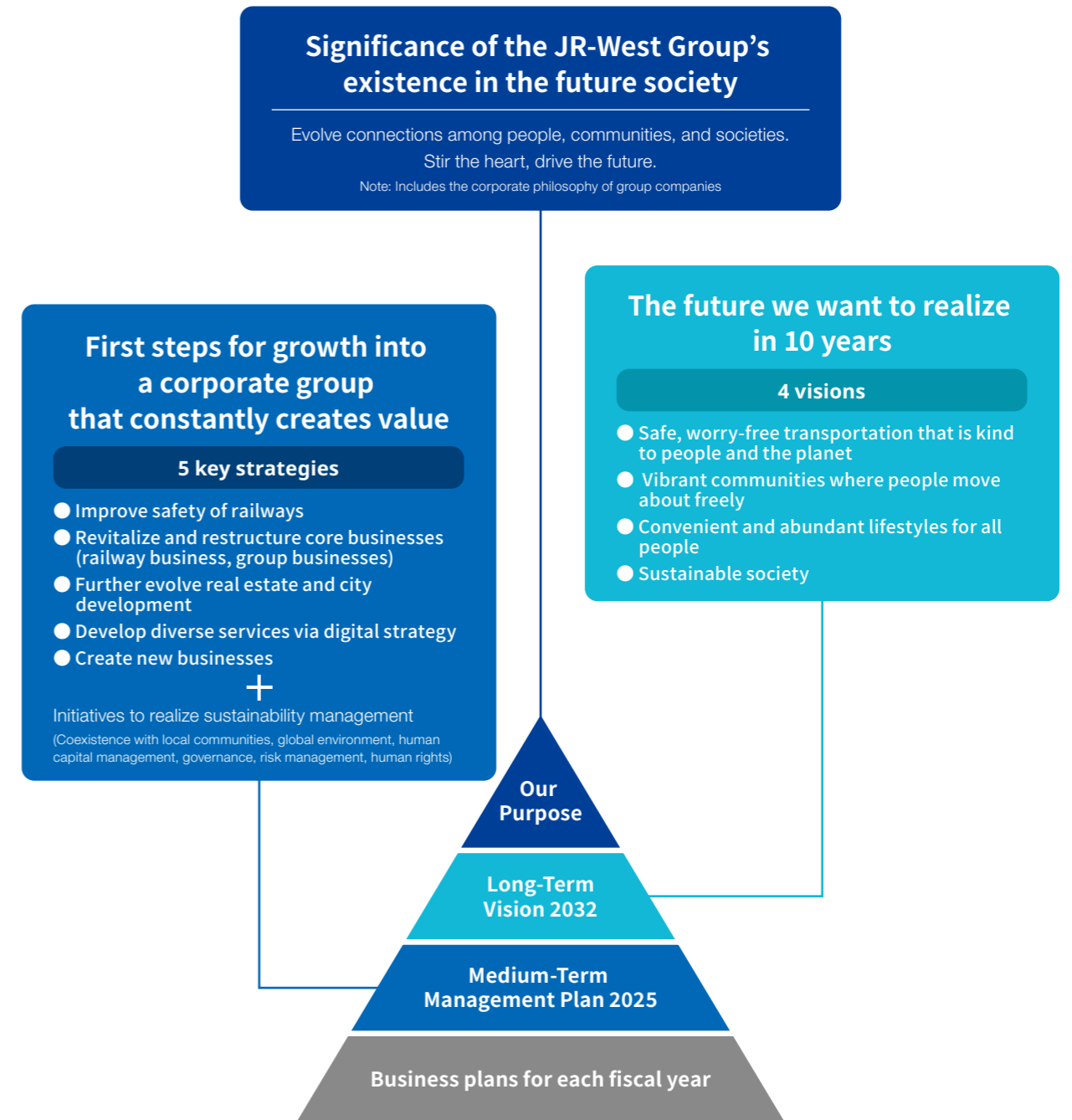
**While connecting people to people, people to communities, and people to society in the real and digital worlds, we strive to solve regional issues, starting in western Japan.**

**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.

### JR-West Corporate Philosophy

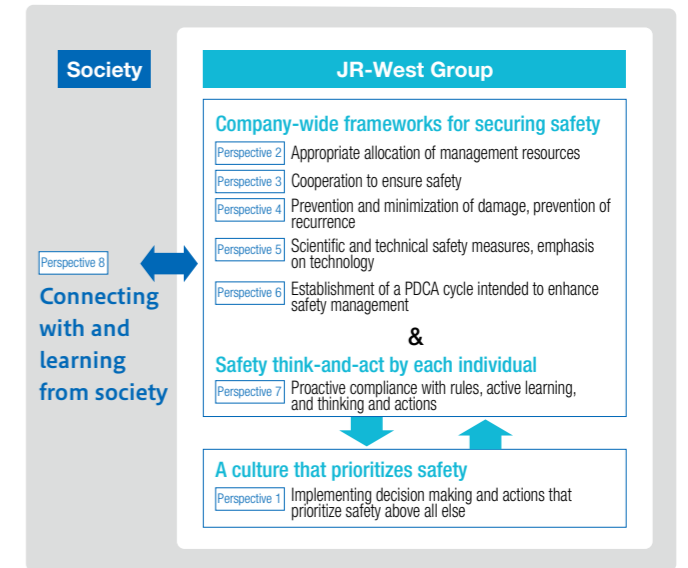
In order to establish a corporate culture that places top priority on safety, and also prompted by the derailment accident on the Fukuchiyama Line, our Corporate Philosophy was enacted through deliberation by all of our employees examining the direction in which we would like to progress, the values 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.

# Accelerating the drive to realize Our Purpose and the Long-Term Vision 2032 as we stir the hearts, and drive the future, of stakeholders



President and Representative Director  
Kazuaki Hasegawa

## Realizing the Long-Term Vision

### I'm asking partners and myself, "What stirs our hearts—in other words, what's Our Purpose?"

In April 2023, the JR-West Group adopted Our Purpose as a statement of its existence in the society of the future and announced the Long-Term Vision 2032.

Formulating these involved a series of freewheeling discussions led by young employees who will shape the Group's future. The expression "Our Purpose" itself emerged from these discussions. Our goal was to help everyone who works for the Group take personal ownership in, and responsibility for, that future.

Our Purpose is as follows: "Evolve connections among people, communities, and societies. Stir the heart, drive

the future." We believe that the phrase "stir the heart" includes the meaning of experiencing excitement ourselves. We want every employee of the JR-West Group to feel engaged and motivated, so that they can stir people's hearts and drive the future while feeling enthusiastic enough that their own hearts are stirred, too.

I direct those same words at myself, and I use these words to guide my approach to management whenever possible. The past year has been a time of reflection for both employees and executives as they ask themselves, "What stirs our hearts?"

## Review of fiscal 2024 and updated Medium-Term Management Plan

### Our businesses outperformed expectations thanks to structural reforms and actions to capture demand in the wake of the pandemic. We updated our Medium-Term Management Plan so that we can realize the Long-Term Vision more quickly.

In fiscal 2024, we launched the Medium-Term Management Plan 2025 ("the Medium-term Management Plan") and the JR-West Group Railway Safety Think-and-Act Plan 2027 ("the Railway Safety Think-and-Act Plan"), geared to realizing Our Purpose and the Long-Term Vision. The Medium-Term Management Plan regroups our businesses into two domains: mobility services, which includes our railway and stores inside stations, and life design, which includes businesses that integrate closely into individual consumers' lifestyles, independent of mobility. Society has been undergoing major change in lifestyles and workstyles as a result of the pandemic. We realized that there's a need for a new perspective when thinking about the post-pandemic business environment in order to make the most of the Group's strengths and provide even greater value to society across a broad range of domains.

Reviewing last year, which was the first year of the Railway Safety Think-and-Act Plan, we pursued actions in the area of railway safety, our top priority, informed by a strong awareness of putting customers first and meeting their expectations. We also made improvements to problems that were found during incidents such as major transportation disruptions and workplace accidents.

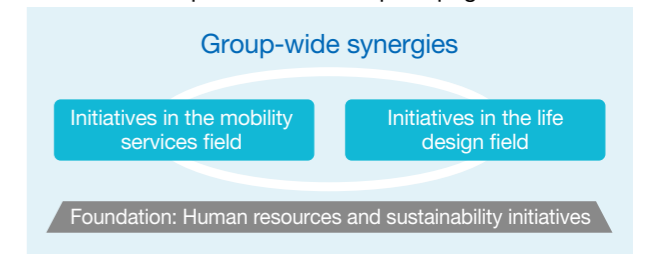
The year also let us once again feel our connections to local communities and society as we worked with various local partners and groups to restore rail service following the Noto Peninsula Earthquake of January 2024 and to start the Hokuriku Shinkansen service between Kanazawa and

Tsuruga in March. Furthermore, the year saw progress across an array of projects, which will lay the foundations for future growth, including the opening of the Umekita area at Osaka Station, the start of double-track service on the Nara Line, and the rollout of new WESTER points and Mobile ICOCA services.

Building on these, the entire JR-West Group worked to create demand in response to opportunities presented by the recovery in demand, including from inbound tourism. Thanks to these efforts and to the structural reforms undertaken during the pandemic, we saw a recovery in performance that has put us on pace to exceed the plan's targets.

Taking into account this progress, the future outlook for the business environment, and other information, we updated the Medium-Term Management Plan in April 2024 in order to realize the Long-Term Vision more quickly by adding about 210 billion yen in capital investment by fiscal 2028 and allocating additional resources to priority measures.

### Main actions explained on subsequent pages





Mobility services field: Safety improvements and ongoing evolution in the railway business

**Improving railway safety is our top priority, and that will remain unchanged going forward.**

The updated Medium-Term Management Plan also makes improving railway safety in response to the derailment accident on the Fukuchiyama Line our top priority, and that will remain unchanged in the future. We will continue to work to improve safety under the Railway Safety Think-and-Act Plan, through both infrastructure-oriented measures, for example improving safety on station platforms and at rail crossings and ensuring resilience with regard to earthquakes and other contingencies, and human-oriented measures, for example by means of mechanisms to ensure optimal safety for frontline employees and improvements to rules.

We will also use additional investments to move up replacement of aging railcars. In addition to safety and comfort benefits, this is effective in reducing maintenance costs.

At the time we formulated the Medium-Term Management Plan we expected usage of railways, our flagship business in mobility services, to recover to 90% of pre-pandemic levels, but performance had already exceeded that level during fiscal 2024. To ensure we can tap tourism and travel demand, including from inbound tourism, we will work to enhance our railway service from both infrastructure- and people-oriented perspectives.

Questions concerning the future of local rail lines and

rising costs affect railway sustainability. As a result of environmental changes including the shrinking and aging of Japan's population and a shift to road-centric city planning, usage is declining significantly as we fail to meet local needs. As discussions about rebuilding the business progress, we're committed to working together to explore and realize an optimal transit system that's sustainable and easy to use while sharing our take on related issues with local stakeholders.

In addition, inflation is exerting a remarkable level of upward pressure on costs. First, we will continue to use technology to boost productivity while pursuing structural cost savings. We haven't sought a substantial fare revision (hike) of the kind that would require authorization by the national government since the company's founding, with the exception of increases accompanying changes in the consumption tax rate. Against this backdrop, it's necessary to look at how prices can better take into account underlying costs so that we can continuously fulfill our mission as a public transportation provider while accommodating diversifying needs. We also see a need to ease regulations, for example to create a simpler, more flexible transportation fare structure. We will continue to lobby the government to make such changes.

Life design field: Real estate and city development

**Inogate Osaka and The Osaka Station Hotel have opened. In addition to our wide network of facilities in Osaka, Sannomiya, and Hiroshima, we will continue to pursue locally rooted city development across each region.**

Inogate Osaka and The Osaka Station Hotel finally opened in July 2024. Along with the Umekita area, these projects symbolize the Osaka Station area and its ongoing transition. Reflecting our pursuit of multiple large-scale projects in connection with local city planning for areas around stations as one way to help improve regional value, we plan to open the new Hiroshima Station Building in 2025 and the new Sannomiya Station Building in fiscal 2030.

As for the allocation of additional investments under the updated Medium-Term Management Plan, we will

invest about 110 billion yen in the life design field, of which about 97 billion yen will be directed to real estate and city development. We're also diversifying the projects we undertake by, for example, working with the city of Akashi in Hyogo Prefecture, a core city, to redevelop the area around Nishi-Akashi Station, including housing. Going forward, we will develop large-scale facilities as well as city planning rooted in local communities across the regions we serve. The life design field currently accounts for about 25% of our operating income, but we plan to boost that to 40% by fiscal 2033.

Creating synergies across group businesses

**Digital services will serve as a shared platform as we look to create Group-wide synergies. We're also getting more ideas from young employees and worksites.**

Creating synergies between business fields will be essential to the management of the JR-West Group going forward. It will be important to build on the capabilities of our railway, retail and dining, hotel, shopping center, and real estate businesses, but taking into account what kinds of valuable experiences the entire Group can provide to customers will also be essential.

Providing a shared platform in that regard are our WESTER app and Mobile ICOCA digital services. In addition to contacts with about 5 million customers every day, centered on the railway business, we own a diverse array of real-world service vehicles, including hotels and shopping centers. This capability is a key strength of the Group, one impossible to build overnight. We believe we can go beyond synergistic effects involving group businesses, for example running campaigns that offer customers traveling by Shinkansen information about hotels at their destination or allow customers to use points earned by using rail services at shopping centers, by pursuing data-driven marketing based on the big data accumulated through such campaigns to create demand and birth new businesses in the life design field.

We're also preparing to launch Wesmo!, a new smartphone-based payment and wallet service. There are already a number of competing services, but we believe we can leverage the Group's unique strengths to establish a competitive advantage. Above all, this approach will serve as a key strategy in continuously increasing the

Group's value from the standpoint of creating synergies across the Group.

I feel that the ambience within the Group has been changing recently as we make progress building platforms that cut across the organization. Shared platforms like WESTER points have created new venues for departments in the mobility services and life design fields to engage in discussions. Those venues in turn are providing opportunities for young employees and worksites in each business to voice new ideas, for example in planning new services that cut across departmental boundaries.

In the past, there were limited opportunities for collaboration across different businesses, and there was a sort of wall between divisions. One aim in revamping our business portfolio was to create relationships that would enable us to complement one another while creating synergies that would in turn generate additional value. I figured that it would be up to me to lead these reforms, but it's been inspiring to see young employees across the Group quickly seize the initiative by coming up with their own ideas and taking the first steps to bring them to fruition.

In January 2024, we established the Marketing Headquarters at the Head Office to create synergies between the mobility services and life design fields and carry out marketing initiatives that cut across the Group.

JCLaaS, a new business in the life design field

**We're tapping the Group's unique experience and expertise to roll out a new business that will help solve societal issues.**

In February 2024, we launched JCLaaS, a new business in the life design field. We're playing the lead role and working with NTT Communications Corporation and four financial institutions—Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., and the Development Bank of Japan Inc.—to run a comprehensive infrastructure management business.

In recent years, the aging of road and water supply infrastructure has been a major issue in Japan. Taking advantage of the Group's diverse set of skills and expertise related to the construction and maintenance of infrastructure, including not only railways but also roads and bridges, and working with a diverse range of partners, we've launched a new business that will help resolve this problem.

Many local governments, particularly in rural areas, recognize this problem as a major challenge but have concerns about their ability to resolve it in the face of labor shortages and financial difficulties. JCLaaS will support municipal functions through a comprehensive set of

operations that goes beyond construction contracting to include planning, ordering, and other tasks traditionally overseen by governments to help maintain, manage, and update infrastructure. The trust accumulated by the Group in the communities it serves will be a major driving force in actions that leverage partnerships between government and the private sector.

Operations have already begun, and after gaining trust from the local government and partners, we're participating in sewerage and water supply operations in the city of Fukuchiyama in Kyoto Prefecture. We're seeing interest from other local governments as well, and we've set the goal of rolling out projects in more than 100 localities by 2030.

The market for infrastructure updates and maintenance has been estimated at about 10 trillion yen per year. There's major potential for both resolving societal issues and realizing a successful business, and we expect JCLaaS to become a new pillar of business for the Group in terms of both social and economic value.

On human resources

**We're putting in place an environment that will empower every employee to do their job in a creative and forward-looking manner.**

It goes without saying that human resources are the driving force to improve our ability to adapt to and create change—a major management theme. Putting in place an environment that lets each Group employee do their job with passion and enthusiasm is the single most important role for the Group's executive management.

To that end, it will be important to create mechanisms that empower employees to be creative in their everyday work. We will cultivate a mindset that lets employees go about their jobs with a forward-looking, reform-driven mindset as they shift focus from yesterday to today, and from today to tomorrow by, for example, using new digital tools to streamline railway maintenance work.

Digital transformation will play a critical role. To date, we've worked to deploy hardware, including in the field, and to enhance the software side of our operations as well by, for example, rolling out tools that let employees create their own apps or to automate work tasks. Employees are sharing the apps they've developed on our intranet, and we're working to expand use across the organization.

With regard to securing human resources, hiring and

development also pose key challenges. Addressing these issues will only become more important as labor shortages caused by Japan's shrinking, aging population manifest themselves. Rather than sticking to hiring new graduates, we will take a flexible approach that includes mid-career hiring and hiring of foreign nationals.

Moving forward with diversity, equity, and inclusion will also be important in ensuring every employee enjoys a rewarding work environment. As the life design field expands, the Group's businesses are becoming even more diverse. Human resources with diverse values will play an essential role in underpinning that growth. It will be critical for us to create an environment in which individuals with diverse lifestyles and backgrounds, not only in terms of nationality and gender, but also parenting and nursing care responsibilities, illness, disability, and LGBTQ+ identity, respect one another and make the most of their skills and abilities. I believe that an organization based on mutual understanding, respect, and empathy is best positioned to exhibit strength along with exceptional creativity and flexibility.

Sustainability initiatives

**Sustainability initiatives will help increase future corporate value and potential.**

When striving to realize sustained value creation over the long term, sustainability initiatives focused on human capital, human rights, and the environment will help boost the potential of our future corporate value.

We've declared our commitment to pursuing diversity, equity, and inclusion, as I've discussed with regard to human resources, and to eliminating all forms of harassment of Group employees and in the supply chain.

In terms of the environment, we're working to lower CO<sub>2</sub> emissions by harnessing renewable energy to power

service on major rail routes, including Shinkansen lines, the Osaka Loop Line, and the JR Kyoto and Kobe Lines, as well as major facilities in the Osaka Station area and elsewhere so that customers will continue to choose the JR-West Group in the future. As society's awareness of environmental issues continues to grow, customer demand for eco-friendly mobility services with lower CO<sub>2</sub> emissions is rising, and we've already started to provide CO<sub>2</sub>-free business travel services that use renewable energy.

Message to stakeholders

**The JR-West Group will come together to further accelerate its efforts to realize the Long-Term Vision.**

The curtain will finally rise on Expo 2025 in fiscal 2026. In addition to helping visitors get to the venue, we will contribute to the event's success in a range of other ways, including by hosting related events at the JR West Labo in the Umekita area. The Expo will offer an excellent opportunity to communicate the appeal of western Japan to foreign and domestic audiences alike, driven by the growth in inbound tourism. We'll work with local communities to encourage visitors to add a leg to their trip by visiting other areas in western Japan.

Looking back over the last year, the recovery in our fiscal 2024 performance has exceeded my own expectations. Despite the challenging pandemic environment, the Group's concerted efforts in structural

reforms and to lay the foundation for new businesses have paid off. Recognizing that this achievement was made possible by the trust of shareholders and other stakeholders, we plan to lower cost of capital and make a recovery in earnings per share by rolling out a 100 billion yen share buyback program while carefully monitoring progress in the updated Medium-Term Management Plan.

In this way, we've started to accelerate our efforts to realize the Long-Term Vision. The JR-West Group will continue to marshal all its resources and capabilities to embrace the challenges of connecting people to people, people to communities, and people to society, and of stirring the heart and driving the future.



# Value creation for realizing the Long-Term Vision

## Value creation model of the JR-West Group

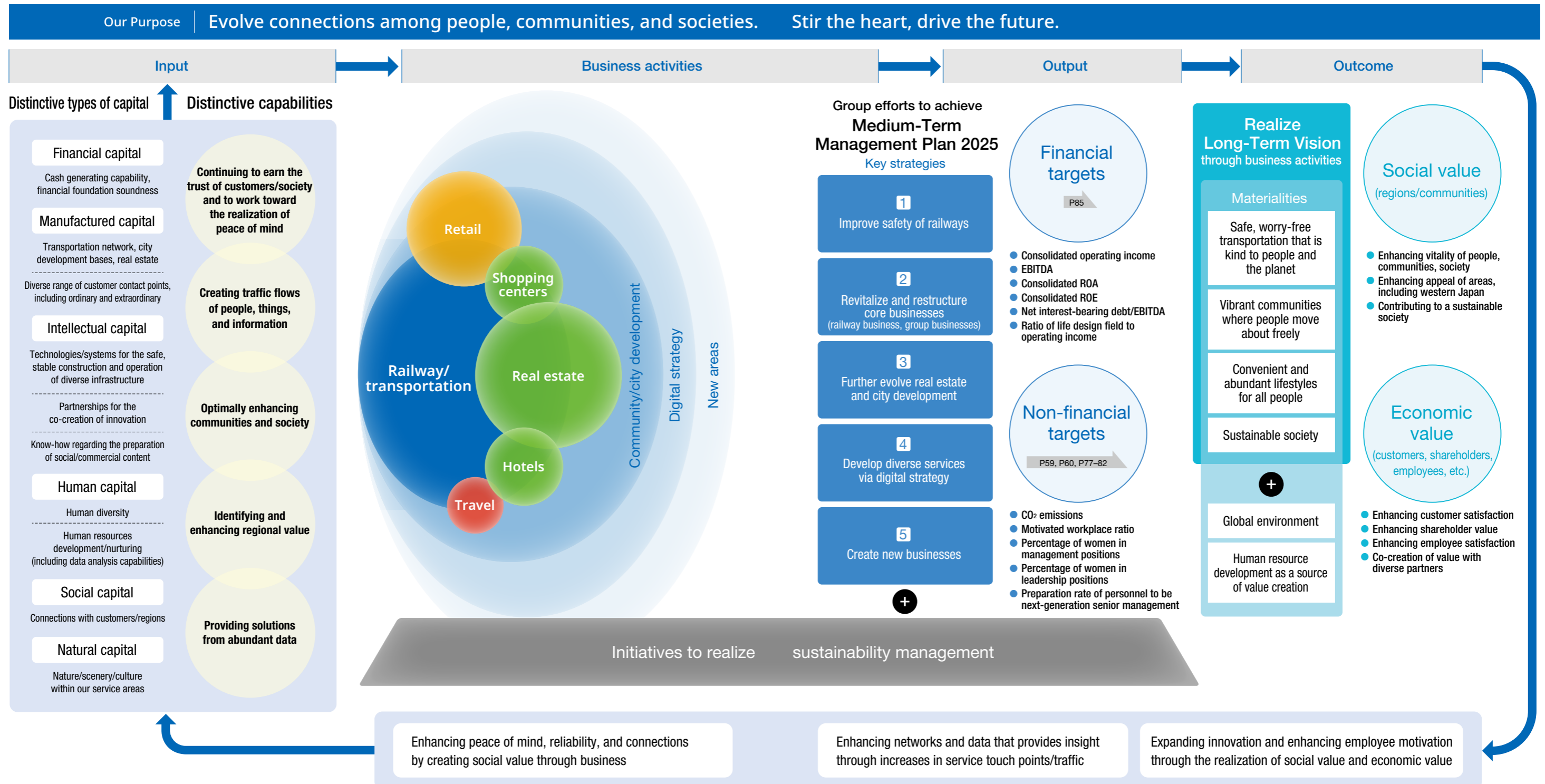
The following value creation model shows how the JR-West Group will continue to create value in the future based on Our Purpose, Long-Term Vision 2032, and Medium-Term Management Plan 2025.

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.



# Value creation for realizing the Long-Term Vision

## Drivers accelerating JR-West Group value creation

The five strengths that we have put forward as our distinctive capabilities are the drivers that will accelerate value creation for the JR-West Group. The foundation for this is an open corporate culture that values trust and challenge grounded in Our Purpose, as well as our ability to respond to and create change, and the diverse human capital from which this originates. The entire Group will work together to develop these capabilities.



# Value creation for realizing the Long-Term Vision



## Long-Term Vision 2032

In order to realize Our Purpose, the JR-West Group has established its Long-Term Vision 2032 (hereinafter, "Long-Term Vision"), which describes what we want the JR-West Group to be in 2032.

### 4 visions and the future we want to realize

**1 Safe, worry-free transportation that is kind to people and the planet**

A future where transportation is established and recognized as a seamless service

**Key initiatives of the Medium-Term Management Plan 2025**

- Improving safety P26  
Object-based: Installation of platform gates and other infrastructure  
Policy-based: Emergency response training
- Introduction of new limited express Yakumo rolling stock P47
- Expansion of seating services P30 (special rapid service A-seats, rapid service Ure-seats)
- Self-driven caravan BRT systems P48
- WESTER app P42

**3 Convenient and abundant lifestyles for all people**

A future where the fusion of the good aspects of the real world and the digital world greatly enhances individual experiences

**Key initiatives of the Medium-Term Management Plan 2025**

- WESTER points P42
- Wesmo! P43 (payment and wallet service)
- +PLACE P44 (space portal)
- XR business P44 (Virtual Osaka Station 3.0)

**2 Vibrant communities where people move about freely**

A future where the appeal of communities improves, leading to an increase in permanent residents, exchange, and related populations

**Key initiatives of the Medium-Term Management Plan 2025**

- Development of major stations P39 (Inogate Osaka, JP Tower Osaka, new Hiroshima Station building, new Sannomiya Station building)
- Creating places that build communities P40 (Nishi-Akashi Station south district, Mukomachi Station east district)
- International art festival in northern Okayama Forest Festival of the Arts Okayama: Clear-skies Country P58

**4 Sustainable society**

A future where a sustainable social system is built through collaboration with various partners

**Key initiatives of the Medium-Term Management Plan 2025**

- JCLaaS P45-46 (comprehensive infrastructure management business)
- Freight business using passenger trains P58
- Railway equipment maintenance using multifunctional railway heavy machinery P47
- Using renewable energy-derived electricity for train operation P62

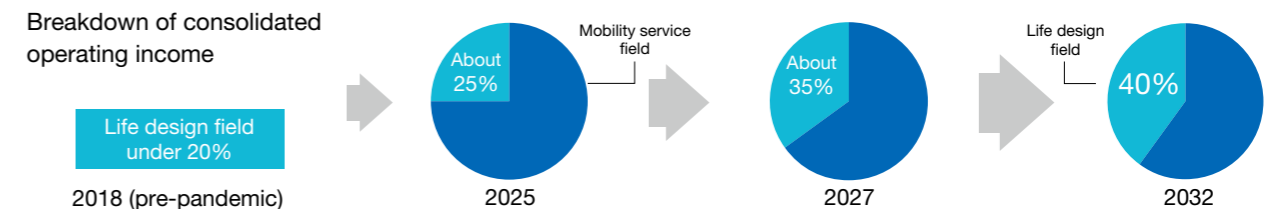
### Striving to realize our Long-Term Vision

To achieve these four visions, 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.

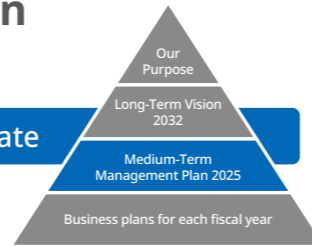


In light of the changes in the business environment due to the pandemic, we are restructuring our portfolio into the field of mobility services, which is closely related to the movement of people, and the field of life design, which is not necessarily linked to transportation.

We aim to create even greater value by leveraging synergies across the Group, including proactively implementing Group-wide initiatives that are not limited to specific fields and that are centered on digital services such as the WESTER app, Mobile ICOCA, and Wesmo!, which serve as a standardized platform for the Group.



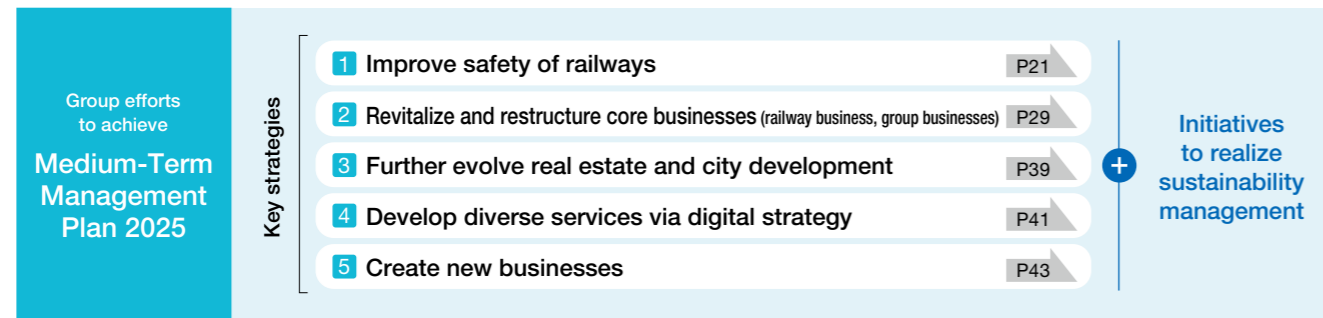
# Value creation for realizing the Long-Term Vision



## Medium-Term Management Plan 2025—Post-pandemic challenges—Update

### Basic concept of the Medium-Term Management Plan 2025

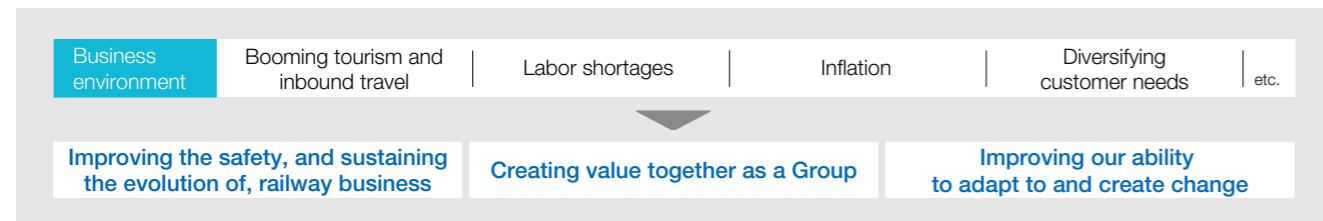
In the Medium-Term Management Plan 2025, based on its positioning as the first step towards realizing the Long-Term Vision, we set forth five key strategies to accelerate growth by making the most of the opportunities at hand. In addition, we are working on coexistence with communities, the global environment, human capital management, governance, risk management, and human rights to achieve sustainable management.



### Steady progress on Medium-Term Management Plan 2025—Review of fiscal 2024

- Together with our employees and various partners, we are working on projects, such as the opening of the Hokuriku Shinkansen between Kanazawa and Tsuruga, expanding Group synergy through the WESTER experience, and evolving the connections that are grounded in Our Purpose.
- Based on the JR-West Group Railway Safety Think-and-Act Plan 2027, we are implementing safety improvement measures, including building mechanisms to ensure safety throughout the organization.
- In response to the Noto Peninsula earthquake, which hit in January 2024, we worked with local residents to carry out efforts across the entire Group to contribute to the recovery and reconstruction of affected areas and individuals, including restoration work aimed at the early resumption of operations.
- By capitalizing on the opportunities created by the diminishing impact of the pandemic and the recovery of inbound travel-related demand, we were able to start seeing the fruit of our demand-acquisition measures, business structure reforms and other efforts, resulting in a recovery in performance, which has exceeded expectations.

### Deeper awareness of pressing business issues



Based on the JR-West Group's value creation system and the key strategies of the Medium-Term Management Plan 2025, we will specify measures, as well as add measures to address issues that we have become more aware of, to accelerate the realization of Our Purpose and the Long-Term Vision 2032.

### Updating the Medium-Term Management Plan 2025

	FY2026 (initial plan)	FY2024 results	FY2026 (updated)
Consolidated operating revenue	¥150.0 billion	¥179.7 billion	¥185.0 billion
EBITDA	¥340.0 billion	¥343.0 billion	¥370.0 billion
Transportation revenue	¥860.0 billion	¥840.5 billion	¥905.0 billion

### Giving shape to key strategies

#### Improve safety of railways

- With the Fukuchiyama Line derailment accident as our starting point, we sincerely and tirelessly pursue safety
- Pursue the JR-West Group Railway Safety Think-and-Act Plan 2027
  - Pursue the development of safety equipment such as platform gates and derailment prevention guards
  - Improve object-based and policy-based functions for sustained evolution (e.g., technological and operational innovations in railway operation and maintenance)

#### Revitalize and restructure core businesses (railway business, group businesses)

- Maximize the benefits of opening the Hokuriku Shinkansen
- Build momentum for Expo 2025 and seize various business opportunities
- Capture inbound travel-related demand by communicating the appeal of western Japan

#### Further evolve real estate and city development

- Create walkable and attractive districts through development around Osaka Station and other efforts
  - Osaka Station (Umekita area) (opened March 2023)
  - JP Tower Osaka (opened July 2024)
  - Inogate Osaka (opened July 2024)
  - Umekita Green Place (to open in spring 2025)
- Develop areas along railway lines that cater to diverse lifestyles (Nishi-Akashi, Mukomachi, etc.)

#### Develop diverse services via digital strategy

- Pursue digital strategies to build an open platform (WESTER economic zone) in western Japan
- Provide an experience menu (WESTER experience) that is far more convenient, cost-effective and fun, and strengthen marketing capabilities to create synergy

#### Create new businesses

- Expand services to local governments and other organizations through collaboration with partners both within and outside the Group
- Create a virtual space that leverages the strengths of stations as customer contact points (Virtual Osaka Station 3.0)
- Provide a highly convenient workspace combined with mobility

### Realize sustainability management

#### Coexistence with communities

- Promote prosperous communities and local businesses (Forest Festival of the Arts Okayama: Clear-Skies Country; freight business by train)
- Create an easy-to-use and sustainable transportation system (Johana and Himi Lines, Gelbi Line, BRT)

#### Global environment

- Further expand renewable energy use for train operation
- Reduce CO<sub>2</sub> emissions through the widespread introduction of new, energy-efficient rolling stock

#### Human resource strategies to enhance our ability to adapt to and create change

- Create an environment where employees can work with enthusiasm and a sense of growth
- Foster the development of innovation-minded human resources who will take on the challenge of evolving connections and creating value

#### Governance, risk management, human rights

- Actions based on the JR-West Group Code of Conduct (e.g., respect for human rights)
- Create a safe working environment (e.g., dealing with abusive customers)

### Additional measures

#### Improve the safety, and sustain the evolution of, railway business

- Improve safety and comfort through early rolling stock replacement
- Expand seating services (additional A-seats)
- Improve transport quality and productivity through object-based and policy-based improvements

#### Create value together as a Group

- Expand real estate business (expand high value-added real estate assets)
- Renovate stations that serve as community hubs

#### Improve our ability to adapt to and create change

- Develop an environment and mechanisms to support growth and increase diversity and job satisfaction
- Cultivate human resources who daily strive to improve service and quality
- Expand opportunities for innovation and improve digital literacy

# Improve safety of railways 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

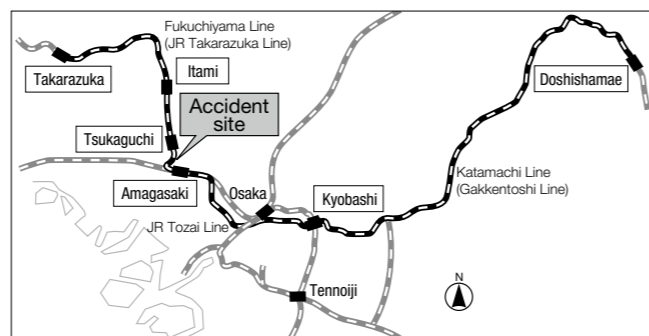
families.

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

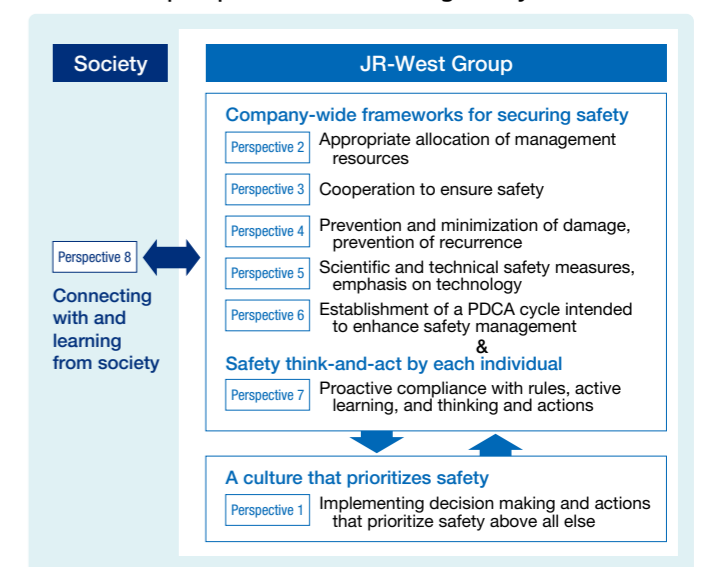
In order to continue to operate safe railways in the future, we must create a company-wide framework for ensuring safety and leverage that framework to encourage safety "think-and-act" by each individual.

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.

Improve safety of railways

# 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.

### Visiting 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 the facts of the accident and the extent of the tragedy it entailed, as well as about the importance of life, in order to keep the accident front and center in their minds. This helps to ensure that they then put this awareness into practice by prioritizing safety in both thought and action.



### Workplace initiatives (Amagasaki Station)

At Amagasaki Station, employees visit the Memorial Grove every month and clean the visitation route, reminding them of their responsibility to ensure safety.

Also, every month on Safety Day, all employees take part in education intended to maintain an awareness of the Fukuchiyama Line derailment accident. Young employees act as lecturers and share with other employees what they have learned, such as what happened at the time of the accident and the efforts made after the accident, so as to prevent the incident from being forgotten. By having employees who joined the company after the accident talk about the accident in their own words, it provides an opportunity for them to become personally invested in the accident and to make them conscious of what it is they should be doing. In addition, by hearing about the accident from the perspective of younger employees, the other participating employees gain a deeper understanding of the accident, thereby helping motivate all employees in the Amagasaki Station district to work together to prevent accidents.



### 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.



A Life Seminar

### 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).



Essay contest booklet

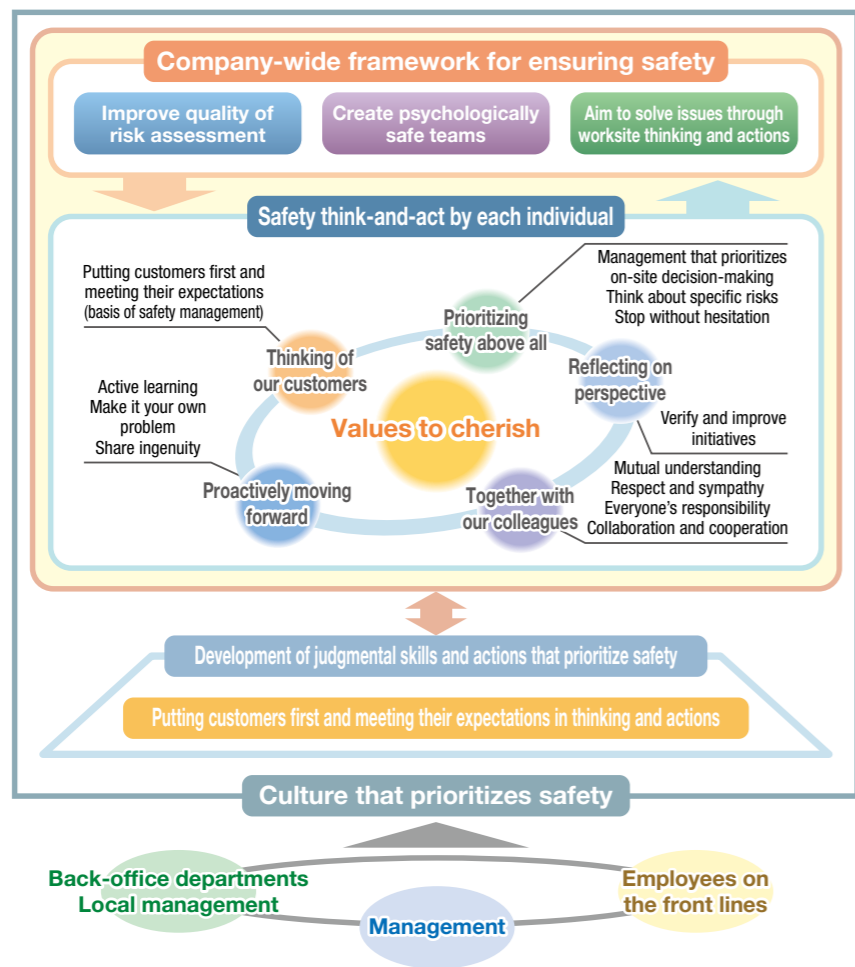
Improve safety of railways

# Initiatives to improve safety

Preventing an accident such as that on the Fukuchiyama Line from ever occurring again is the responsibility and unwavering commitment of the JR-West Group.

The JR-West Group Railway Safety Think-and-Act Plan 2027, which started in fiscal 2024, reviews past safety initiatives and implements further measures to improve safety. In line with this plan, and in order to fulfill our mission of getting customers to their destinations safely, we pursue a more robust approach to safety, seeking to improve it based on a strong awareness of putting customers first and meeting their expectations, so that we can build a trustworthy railway that customers can use again and again with peace of mind.

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



Starting with the management team, everyone in the JR-West Group 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 worksite problems across departments and organizations and, together with our colleagues, tackle them through on-site thinking and actions.

In addition, in order to increase the effectiveness of the systems that have been put in place thus far, we will work to improve the ability of the entire organization to get things done through such measures as identifying and dealing with serious risks across departments and organizations, implementing

practical training and improving technical capabilities, and making improvements based on understanding the actual situation using the principle of the "three actuals." In order to meet customer expectations and gain society's trust, the management team is taking the lead while the entire JR-West Group works together to carry out the plan. Regarding investment in safety, we have updated the JR-West Group Medium-Term Management Plan 2025 to increase investment in safety over the five-year period from fiscal 2024 to fiscal 2028 to 610 billion yen, an 80 billion yen increase from the initial planned amount. In recognition of the fact that safety remains our top priority, we will continue to steadily make needed safety investments based on the JR-West Group Railway Safety Think-and-Act Plan 2027.

### 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

#### 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

#### Railway crossing safety

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

#### 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

#### Earthquake countermeasures

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



Derailment prevention guards

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

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



Sharing risk-related information before starting work

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

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

#### 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

### Review of fiscal 2024

There were no train accidents that resulted in casualties among customers. However, with regard to train labor accidents that resulted in fatalities among employees, one employee at a group company lost their life in August 2023, and another

employee at a partner company in December. We take very seriously the loss of our colleagues' irreplaceable lives and will ensure that safety measures are implemented based on an understanding of the facts of the situations.

Objectives over the 5 years through FY2028	FY2024 results
Train accidents that result in casualties among customers ..... None	None
Train labor accidents that result in fatalities among employees ..... None	2
Objectives to achieve by FY2028	Results at the end of FY2024
<b>• Object-based improvements</b> <b>Platform safety</b> Among stations covered by the barrier-free fare system, 1. Install platform gates at stations with more than 100,000 passengers ..... <b>Installation rate: 60%</b> 2. Install platform gates or platform safety screens at stations with fewer than 100,000 passengers ..... <b>Installation rate: 50%</b>	
<b>Railway crossing safety</b> Install devices that verbally notify train drivers when a large vehicle is stuck on the crossing 1. Railroad crossings equipped with radio notification systems ..... <b>Installation rate: 90%</b> 2. Railcars equipped with image recognition systems ..... <b>Installation rate: 60%</b>	
<b>Earthquake countermeasures</b> Earthquake countermeasures for the Sanyo Shinkansen 1. Measures to prevent structural collapse (bridge pier reinforcement) 2. Measures to prevent large track subsidence (reinforcement of rigid frame abutments) 3. Measures to prevent significant train deviation (installation of derailment prevention guards in high-priority sections) } <b>Installation rate: 100%</b>	
<b>• Desired state</b> A state in which a safety-first culture is fostered, a system for ensuring safety throughout the organization is established, and safety think-and-act initiatives are practiced by all individuals	<b>Management that prioritizes on-site decisions, a mindset of putting customers first and meeting their expectations, the creation of psychologically safe teams, on-site thinking and actions, and thinking and actions based on the five values we want to cherish</b>

Progressing as planned

Improve safety of railways

Initiatives to improve safety

Putting customers first and meeting their expectations in thinking and actions

Counterterrorism training using actual Sanyo Shinkansen trains (Hiroshima Station)

We conduct a variety of training to improve safety. During these training sessions, we check our ability to put into practice the JR-West Group Railway Safety Think-and-Act Plan 2027 principle of putting customers first and meeting their expectations and to prioritize on-site decision-making.

Every year, practical training using actual trains are conducted on the Sanyo Shinkansen line. This training includes not only our employees but also police and people from group companies from areas along the route.

In December 2023, a simulated terrorist attack drill was conducted at Hiroshima Station. Employees at Hiroshima Station, who would likely be the ones to receive the first report of a terrorist attack, commented that they were able to get a good idea of how to work together and respond if a real terrorist attack were to occur.



Training at Hiroshima Station

Improving our judgment and ability to act by conducting training that closely mimics real-life situations

In order to carry out this training, it's important to have close cooperation with the participating sites and the departments in charge of the Shinkansen. For this simulated terrorist attack, we ran an actual train. This made coordinating with the various police headquarters along the route difficult, but it enabled us to carry out truer-to life training.

Listening to the feedback from employees who took part in the training, I feel that it helped improve their practical skills.

We will continue to hold training that involves many different people and will strive to ensure that safety is the number one priority when making decisions and taking action.

Transport Safety Department,  
Chugoku Regional Head Office  
(now Kurashiki Management Station  
assistant manager)  
**Yoshiteru Hara**



Fostering greater learning by conducting practical training, and improving response capabilities through continued training

If a terrorist attack were to actually occur, Hiroshima Station would likely be the first place to receive a report, and we endeavored to make the training more practical by conducting "blind training," in which station employees were not informed of the content of the training in advance. In addition to internal cooperation, we were also able to confirm the cooperation of police and other organizations.

Since the training is conducted while normal train operations continue, it is not possible for all employees to participate. Thus, we believe it is important to share the results of training so that everyone has the same awareness and will be able to respond in the same way.

Hiroshima Station assistant manager  
(chief of security),  
Chugoku Regional Head Office  
(now Miyoshi Management Station manager)  
**Hiroataka Sumi**



Company-wide frameworks for securing safety

Improving safety device-initiated braking performance in rainy weather (Shimonoseki Depot, Hiroshima Branch)

In the Hiroshima area, it has been reported that certain railcar models are more likely to experience safety device-initiated braking in rainy weather.

The rolling stock and operations departments then worked together to put in place a system for reporting any events as soon as they occurred. After collecting data and analyzing it, they were able to determine that wheel slippage was the cause.

After that, we conducted further examination, both inside and outside the company, and, after repeated driving tests, made improvements that resolved the issue.



Driving test

Solving on-site problems by sharing them across departments and organizations and working together with colleagues

Since the issue in this case was safety device-related, we approached it from a variety of angles, not just with regard to the rolling stock, but also the relationship with driving operations and ground facilities. The first thing that was needed was to accurately understand the facts of the event, but, this time, we were particularly concerned with figuring out how to collect the appropriate data and how to quantitatively analyze that data to identify the cause.

A variety of on-site data can be obtained from railways. It was extremely useful that we were able to identify the cause by combining feedback from the crew with data analysis and then work with various parties to find a solution.

Shimonoseki Depot, Hiroshima Branch,  
Chugoku Regional Head Office  
(now Digital Solution Headquarters)  
**Kousuke Nishitani**



Safety think-and-act by each individual

Using a risk map to facilitate construction preparation meetings (Osaka Civil Engineering Center)

Because the Osaka Civil Engineering Center covers a wide area, it is necessary for experienced employees to share their know-how within the center to ensure train operation-related tasks are carried out safely and confidently.

To address this issue, we created, through a process of trial and error, a risk map that shows each individual risk on a map of the service area.

At construction preparation meetings held to confirm the construction plan with group companies, partner companies and others, we use this risk map to share risk-related information with those engaged in the construction work. We make sure that necessary risk reduction measures are incorporated into the plan.

We are also continually updating the risk map to respond to changes in things like elevated tracks and the surrounding environment.



Using a risk map in a construction preparation meeting

Devising ways for each employee to more effectively consider specific risks before starting work

The Osaka Civil Engineering Center's service area is extensive, covering 405 km along railway lines. Therefore, although there may be cases where site-specific work needs to be done for the first time, or for the first time in a long time, we decided to create a risk map that would help ensure that even young employees can work safely and with confidence.

When compiling the data, it was extremely difficult to draw out the knowledge of veteran employees. We also sought to expand the map by incorporating the knowledge and experience of on-site workers from group and partner companies. Some veterans have said that they learned about risks they were not aware of before, and we feel that the results have been greater than we had imagined.

Osaka Civil Engineering Center,  
Kansai Regional Head Office  
**Toru Ikeda**



# Revitalize and restructure core businesses

We are making our businesses more sustainable by expanding and evolving our railway network and boosting productivity. Also, by carrying out attractive urban development that gives opportunities for people to come together, we will generate new needs in traveling and provide services that support customers' lives as we strive to revitalize our business in both the mobility services and life design fields.

## Key measures

Mobility, sales of goods and food services, others

### Enhance the railroad network centered on the Shinkansen and create non-resident populations

#### Promote the use of the Sanyo Shinkansen by improving safety, comfort, and convenience

- New rolling stock (N700S)
- Increase functions of EX reservation service (one-year advance reservations, EX tour packages, EX on-trip reservations)
- Install platform gates (at all stations and platforms by 2040)
- Self-driving technology on Shinkansen (target start: 2030s)



Sanyo Shinkansen N700S

#### Work with communities to improve and promote tourist sites

- Setouchi Palette Project
- Forest Festival of the Arts Okayama: Clear-Skies Country (2024)
- Furusato Okoshi Project (Okayama)
- Temite Project (Hiroshima/Yamaguchi)
- Sanin Good Thing Expedition (Tottori/Shimane)



#### Value co-creation with local communities via same-day express delivery using passenger trains

- Fresh West
  - Provide new value with combined cargo and passenger transport by taking advantage of the speed and punctuality of the Shinkansen and limited express trains
  - Aim to solve social issues and create new business via collaboration with local communities and other companies



Real estate lease and sales, shopping centers, hotels, others

### Hub station development projects



Osaka Station



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



New Sannomiya Station building (scheduled to open in FY2030)



New Hiroshima Station building (scheduled to open in March 2025)

○ We are also doing city development in locations other than the hub stations shown above.

Mobility, sales of goods and food services, shopping centers  
**Maximize the effect of the extension of the Hokuriku Shinkansen to Tsuruga**

### Promote the appeal of the three Hokuriku prefectures connected by the Shinkansen

- Hold the Hokuriku Destination campaign (autumn 2024)
  - New Hana Akari sightseeing train between Tsuruga and Kinosaki Onsen via Amanohashidate begins operation
  - Wow Ride® Ikossa Fukui-go, a new XR bus connecting Fukui Station, Fukui Prefectural Dinosaur Museum, and other major tourist attractions, goes into service
- Curu-F Fukui Station opens (March 2024)
  - Aims to support quality of life in the region by promoting food, traditions, and other attractions unique to Fukui

Japanese Beauty Hokuriku

日本の美は、北陸にあり。



Hana Akari sightseeing train



New XR bus, Wow Ride® Ikossa Fukui-go

Mobility, sales of goods and food services, shopping centers, hotels, others

### Evolve the Kansai urban network

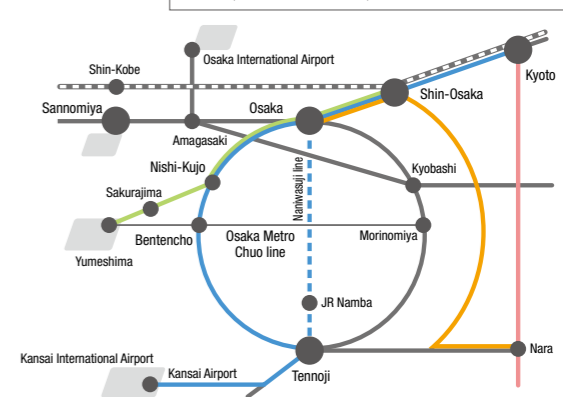
#### Create attractive international cities by upgrading the railway networks around which they are centered

- Capture inbound tourism demand (improve access to Kansai International Airport)
- Introduce QR ticket service for more convenient and seamless travel (to begin in phases from the second half of FY2025)
- Expand seating services to improve comfort (special rapid service A-seats, rapid service Ure-seats)

#### Develop hubs that people want to visit and rail lines closely connected to their daily lives

- Urban development centered around stations, create a bustling atmosphere
  - Inogate Osaka
  - JP Tower Osaka
  - Development under elevated tracks on the west side of Osaka Station (autumn 2024–spring 2027)
  - New Sannomiya Station building (FY2030)

#### Kansai urban network



Mobility, sales of goods and food services, others

### Create value to coincide with Expo 2025

#### Fulfill our responsibilities as a transportation operator and strive to maximize ripple effects

- Handle visitor transportation, improve presence of the Sakurajima Line
  - Secure transportation capacity based on projected demand
  - Operate extra direct train service between Shin-Osaka and Sakurajima, cooperate with shuttle bus services
  - Temporarily renovate Sakurajima Station
- Widespread impact of the Expo
  - Attract domestic and international visitors and direct visitors throughout the area
  - Cooperate with the Osaka Destination campaign

#### Enhance the presence of the JR-West Group

- Build momentum
  - Secure public relations and promotional sponsorship contracts
  - Tap into group assets for publicity



JR West Labo



323 Series Expo 2025-wrapped train



Expo 2025 official store



Bentencho Station, Osaka Loop Line (rendering) ©Expo 2025

#### Build a foundation for future growth

- Station renovations and other infrastructure improvements
  - Renovate Bentencho Station
- Boldly attempt new initiatives
  - JR West Labo, Kansai MaaS
- Create new services and products
  - Create demand for wide-area tours (Expo + another destination)
- Business-related products and services
  - Develop new products and provide purchasing opportunities in collaboration with companies inside and outside the Group
  - Undertake commercial development coinciding with the Expo (new shopping center at Bentencho Station)

Please refer to the pages for each business for specifics on revitalization efforts and structural reforms (pp. 31–38).

Strategy by business  
Mobility service

# Revitalize and restructure core businesses 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

## Strategies

### Enhance safety

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

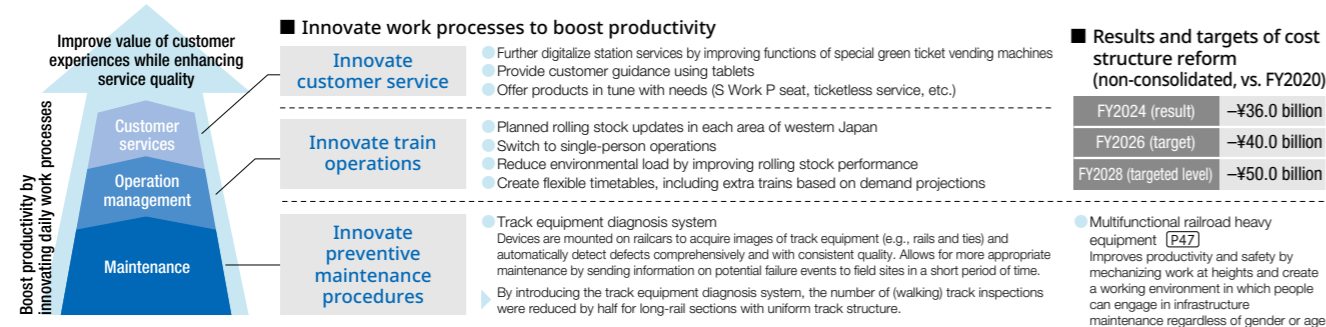
### Revitalize and restructure our railway business

- Enhance the railroad network centered on the Shinkansen and create non-resident populations
- Maximize the effect of the extension of the Hokuriku Shinkansen to Tsuruga
- Further evolve the Kansai urban network
- Create value to coincide with Expo 2025

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

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

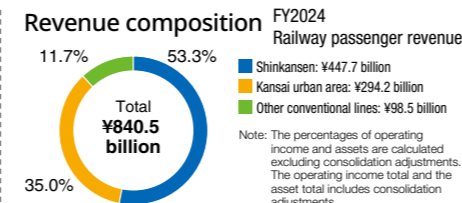
- Revise fares within the scope previously reported to authorities, based on factors like the competitive environment
- Simplify the fare and fee system and set prices flexibly in response to demand
- Have ongoing discussions with relevant organs regarding a system for sustainable fares and fees



## Business development

### Shinkansen (bullet trains)

Sanyo Shinkansen	Hokuriku Shinkansen
Route: Shin-Osaka-Hakata	Route: Joetsumiyoko-Tsuruga
Start: 1972 for Shin-Osaka-Okayama, 1975 for Okayama-Hakata	Start: 2015 for Joetsumiyoko-Kanazawa, March 2024 for Kanazawa-Tsuruga



### Railway transportation data (fiscal year ended March 2024)

Total route length (km)	Total: 4,897.5	Number of passengers* (million)	Total: 1,731	Passenger-kilometers (million)	Total: 54,036	Number of stations	Total: 1,150
Shinkansen: 937.7		Shinkansen: 81		Shinkansen: 20,092			
Conventional lines: 3,959.8		Conventional lines: 1,668		Conventional lines: 33,943			

\*The total number of passengers does not include passengers who used both the Shinkansen and conventional lines.

## Value-creating business activities (Mobility)

### Aiming to achieve sustainable rolling stock manufacturing, we will study the standardization of equipment and parts for rolling stock in collaboration with JR-East.

Evolve connections among people, communities, and societies

Industry first: We will contribute to the creation of a sustainable society by carrying out efforts aimed at sustainable rolling stock manufacturing in collaboration with other railway operators, rolling stock manufacturers, and suppliers, thereby overcoming severe market fluctuations and continuing to provide stable, high-quality services to customers.

Stir the heart

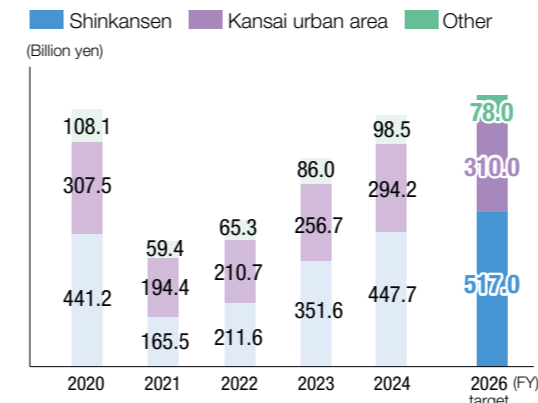
- We will standardize equipment and parts for JR-East and JR-West conventional line rolling stock to reduce the design burden and production costs for rolling stock manufacturers and suppliers, thereby streamlining the manufacturing process and improving productivity.
- We will realize sustainable rolling stock manufacturing and strengthen the supply chain in response to changes in market conditions, such as labor shortages and the increasing difficulty of procuring parts.
- We will strive to improve employees' skills through technical exchanges with JR-East, leading to a sense of growth and job satisfaction.

Drive the future

- We will provide sustained and stable transportation services through supply chain resiliency.
- In other departments as well, we will accelerate collaboration with reliable partners in various fields to pursue sustainable initiatives.

## 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)



## Review of business performance

### Achievements in FY2024

We steadily seized opportunities, including the rebound in usage and the increase in inbound travel, and captured changing demand by providing extra trains in a timely and appropriate manner. In addition, we implemented measures to improve unit prices, including revising fares for the Nozomi Shinkansen, in conjunction with measures to improve services. We worked to achieve revenues similar to those before the pandemic, even if ridership did not return to pre-pandemic levels, to ensure sustained business operations.

In terms of cost, we are steadily implementing cost structure reforms while also allocating resources necessary for sustained operations, such as investments in safety, service equipment, and human capital.

### Growth opportunities

We completed the extension of the Hokuriku Shinkansen line to Tsuruga in March 2024. By communicating the appeal of Hokuriku to the Tokyo metropolitan area and other areas, we aim to attract more visitors to Hokuriku than ever before, thereby harnessing the benefits of the line extension for our railway business as well as our retail, real estate, and other businesses.

Inbound transportation revenue reached a record high of 35.5 billion yen in FY2024. At present, the flow of inbound tourists tends to be concentrated on the Tokyo-Kyoto-Osaka Golden Route. By improving accessibility centered on the Haruka limited express train and the Sanyo Shinkansen, we will strive to attract visitors to various regions of western Japan on the occasion of Expo 2025.

### Future challenges (response to risks)

With a declining population, the number of passengers and workers is decreasing. We will respond to the decrease in the number of workers and improve work safety through innovation, and increase efficiency in collaboration with other companies and industries.

In order to minimize damage from large disasters, we will steadily implement earthquake-proofing for the entire Sanyo Shinkansen line. This is expected to cost about 300 billion yen over 30 years. We will also steadily make improvements on our conventional lines.

In addition, in order to create a virtuous cycle of growth and wage increases and to ensure the continuity of the railway business, we will keep on asking the government to revise the fare system to make it more flexible and adaptable to inflation. We will also continue working with local residents to realize an optimal regional transportation system for local lines based on regional characteristics and needs.

Strategy by business  
Mobility service

# Revitalize and restructure core businesses Sales of goods and food services; department stores

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 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.

### Strategies

#### Improve competitiveness through external collaboration

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

#### Rebuild 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

#### Refine 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

### Business development

#### Convenience stores, gift shops



Seven-Eleven franchised stores **345**

#### Fashion items



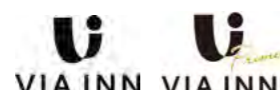
Directly managed stores **37**  
(including 3 Uniqlo franchised stores)

#### Property development



Eki Marché **4**

#### Accommodation-oriented budget hotels



**25**

#### Food services



Directly managed stores **90**  
(Deli Café, Menya, others)

#### Department store



Opened in **1997**  
Number of customers **22 million**  
(FY2024)

### Value-creating business activities (Sales of goods and food services)

#### Establishment of a fitness business in partnership with Nature Fitness Inc.

Evolve connections among people, communities, and societies

We will strengthen the function of stations as lifestyle hubs, as we provide railway passengers and local residents with opportunities to exercise efficiently despite their busy daily schedules, and pursue coexistence with the community through the lens of health promotion.

In addition to complementing merchandising strategies at group sites, such as inside stations and under elevated railway tracks, we will also contribute to enhancing the value of the JR-West Group by, for example, enabling the use of WESTER points.

Stir the heart

Drive the future

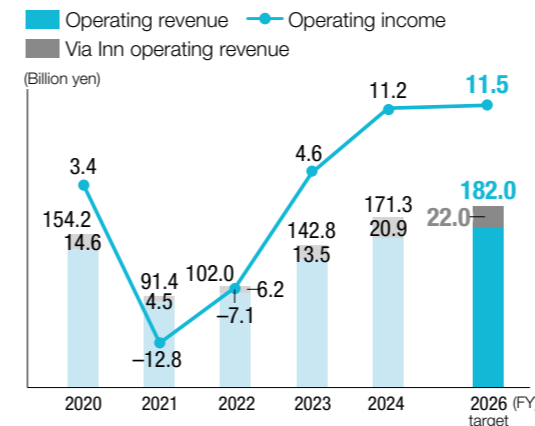
- We will offer convenient, fun, and exciting experiences that capture the trend toward health consciousness as well as the desire to save money due to high prices and the increasing demand for experiential consumption.

- Convenient**
  - Locations near train stations allow passengers to use facilities as part of their daily commuting schedules.
- Fun**
  - We will create a new customer experience by using an app to combine fitness and IT.
  - We will develop a low-cost personal trainer system, provide customer and member services, and help members achieve their goals.

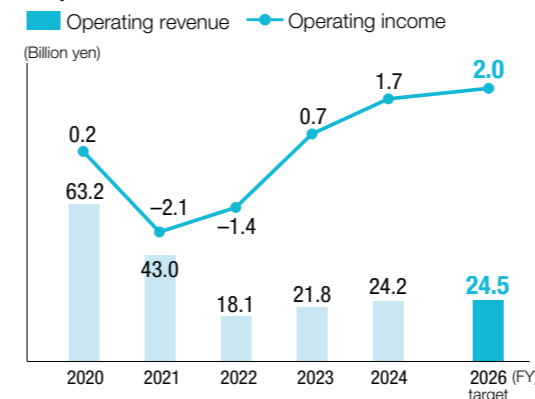
- We will contribute to the creation of a vibrant society by extending the healthspans of customers and invigorating communication in the community.

### 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). Effective from fiscal 2020, we changed how we record revenue in the retail business due to a change in how we conclude contracts with station shop tenants.

### Review of business performance

#### Achievements in FY2024

Based on the structural reforms we have been pursuing, we have demonstrated our ability to adapt to change, and we have significantly improved profit margins by increasing unit prices and improving operational efficiency in the convenience store business, developing a sales framework for the souvenir business based on railway usage forecasts, and product merchandising. As a result, we achieved record profits in our goods and food services business in FY2024.

#### Growth opportunities

With regard to the food services business, we opened the first franchise store at JR Kyoto Station's west exit in partnership with Starbucks. Looking at Via Inn, we are working to improve the quality of our offerings and strengthen competitiveness by rebranding to "Prime," reviewing our membership program, and opening the new Via Inn Prime Sapporo Odori.

To build momentum for Expo 2025 and to take advantage of the event as an opportunity for further growth, we have held events at Osaka Station and plan to open an official store at the Expo venue.

#### Future challenges (response to risks)

We will secure human resources and improve retention rates as we develop human resources for continued growth, including the further expansion of franchise stores.

We will continue to create value by effectively renovating frequently used convenience stores in train stations and our conventional Via Inns.

Strategy by business  
Mobility service

# Revitalize and restructure core businesses 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

## Strategies

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

New brand hotels	<ul style="list-style-type: none"> <li>● Offer a unique and timeless travel experience with The Osaka Station Hotel, Autograph Collection, an alliance with Marriott</li> <li>● Make the hotel a symbol that enhances the status of the entire brand</li> </ul>
Rebuild value of existing store brands	<ul style="list-style-type: none"> <li>● Further enhance the prestige of the chain with new branding, improve customer satisfaction based on marketing strategies, and increase value by promoting the strength of superb cuisine and services</li> </ul>
Open a new hotel in the new Hiroshima Station building (Hotel Granvia Hiroshima South Gate)	<ul style="list-style-type: none"> <li>● Create a foothold for future regrowth by promoting core projects, and secure and train human resources to serve as the source of all business operations</li> </ul>

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

Tourism	<ul style="list-style-type: none"> <li>● Shift to web-based</li> <li>● Focus on package tours, a JR strength, to expand localized tourism products and services, and digital tourism</li> </ul>
Solutions	<ul style="list-style-type: none"> <li>● Use Nippon Travel Agency's knowhow in taking on tourism-related or public-sector business</li> <li>● Expand business domains through tie-ups with alliance partners</li> </ul>

## Business development

Hotels	
HOTEL GRANVIA 5 facilities	<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>
HOTEL VISCHIO by GRANVIA 4 facilities	<ul style="list-style-type: none"> <li>● High-class accommodation-oriented hotel</li> </ul>
Nara Hotel	<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 Note: Wholly owned JR-West subsidiary as of 2018</li> </ul>
Umekoji Potel KYOTO	<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 Note: Non-consolidated</li> </ul>
THE OSAKA STATION HOTEL	<ul style="list-style-type: none"> <li>● Offering a unique experience with "The Osaka Time" concept: Stunning views from all rooms on or above the 30th floor and the culinary appeal befitting Osaka's identity as the "kitchen of Japan"</li> <li>● First collaboration with Marriott International to join Autograph Collection Hotels Note: Opened in July 2024</li> </ul>

Travel and regional solutions	
日本旅行 NIPPON TRAVEL AGENCY	<p>Founded in 1905*</p> <p>*Subsidiary as of 2002</p> <p>Domestic package tours Online sales rate</p> <p>74% (FY2024)</p>
赤い風船	<p>Tourism</p> <ul style="list-style-type: none"> <li>● Online sales</li> <li>● Domestic travel business</li> <li>● Overseas travel business, other</li> </ul>
	<p>Solutions</p> <ul style="list-style-type: none"> <li>● Public sector and regional solutions</li> <li>● Education market solutions</li> <li>● Corporate solutions</li> <li>● Business travel solutions</li> </ul>

## Value-creating business activities (Hotels)

### "Feel the Osaka Time": Grand opening of The Osaka Station Hotel

Evolve connections among people, communities, and societies

To realize the hotel group's concept of "service with the warmest smiles in town," we will provide hospitality with the friendliest service and teamwork, create travel attractions and connections among people, and contribute to the creation of a lively city where people come and go.



1st floor main entrance (artist's conception)

### Stir the heart

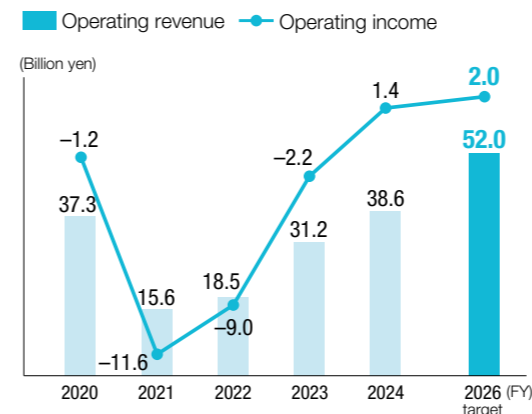
- With our daily 10-minute training program (a training session in which we think only about our customers), we will work to establish brand guidelines, invigorate communication, and improve service levels to provide hospitality with the friendliest service and teamwork.

### Drive the future

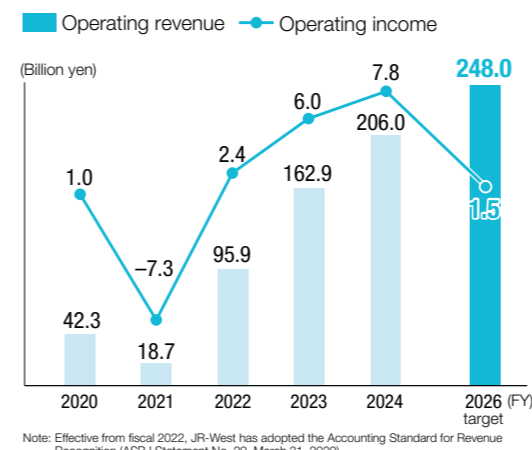
- We will provide new, one-of-a-kind values and services that allow people to experience the charm and culture of each region of western Japan. This will allow us to be a symbolic hotel that brings people together and connects people with communities, thereby contributing to the flow of people to each region and regional revitalization.

## Performance

### Hotel business



### 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).

## Review of business performance

### Achievements in FY2024

The accommodation division of our hotel business was able to generate revenues that exceeded pre-pandemic levels due to the strong influx of individual customers, especially inbound travelers, and measures to improve service and raise unit prices.

The travel and regional solutions business achieved record profits, especially in the first quarter (January–March), as we leveraged the business's organizational strengths to win contracts for vaccination drives and other administrative operations.

### Growth opportunities

In the hotel business, we made steady progress in preparing for the opening of The Osaka Station Hotel, Autograph Collection, a brand affiliated with Marriott. Also, since hotels play an important role in the synergy strategy for urban development, we will contribute to enhancing the value of the entire station building by generating local momentum for the opening of the new Hotel Granvia Hiroshima South Gate and demonstrating the ability to attract customers as a hub for local community interaction.

Our travel and regional solutions business will tap into changes in social behavior to expand online sales and pursue initiatives to realize digital tourism.

### Future challenges (response to risks)

In the hotel business, we will work to improve the overall brand strength of our hotels with the high-value-added services provided by The Osaka Station Hotel, and we aim to increase the number of customers by promoting the appeal of our hotels' superb cuisine. The acquisition, training, and retention of excellent human resources is a major management issue. By developing our brands, including The Osaka Station Hotel and Hotel Granvia Hiroshima South Gate, we will improve our brand power and create a virtuous cycle of human resource growth and retention, thereby enhancing job satisfaction linked to individual careers and helping to maximize the value of city development as the core division for Group synergy.

Strategy by business  
Life design

# Revitalize and restructure core businesses 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 urban development by providing functions that utilize the characteristics of the station or the location and via tenant leasing
- Steady and continuous redevelopment utilizing the JR-West Group's assets

### Development know-how and track record built up through years of city development

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

## Strategies

### 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

### 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

### Strengthen management fields and improve 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

## Business development

### Real estate lease and sales

#### Housing sales

- Condominiums
- Detached houses

Brands



J.Gran Kyoto Nishi-oi (completed in January 2024)

#### Sales to investors

- Private real estate fund, other



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

#### Lease

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

### Shopping centers

#### Station sites

- Community hubs, tourism-centered, other
- Provide dining, fashion, and other high-quality goods and services that suit the locality

As of August 31, 2024 **38 facilities**



Curu-F Fukui Station (opened March 2024)

#### City center

- Lifestyle-needs shopping centers
- Sale of goods and food services, medical, educational, and other necessary lifestyle services, and a place for locals to gather

As of August 31, 2024 **4 facilities**

Tete Myodani (opened in June 2023)

## Value-creating business activities (Shopping centers)

### Creating original JR-West Group value that resonates with customers, the community, and society

#### Evolve connections among people, communities, and societies

In addition to strengthening ties with local communities and consumers through the expansion of shopping centers that support people's daily lives in rural and suburban areas, the JR-West Group will provide unique value by expanding the WESTER economic zone to combine travel and shopping at shopping centers and running railroad and shopping center point redemption campaigns. By working to have these activities resonate with customers, the community, and society, we aim to create shopping centers with a strong presence in the industry, the community, and society, while communicating the Group's raison d'être and increasing the pride and job satisfaction of employees and tenant staff.

#### Stir the heart

- We will provide experiences that are valuable to our customers and bring in tenants that respond to their needs. One example is Barchica 03, a commercial facility targeting middle-aged office workers.
- We will engage in community development with participants in shopping center-sponsored events. And through tourism products and art exhibits, we will promote resonance with customers as we participate in improving the appeal of the region and sharing its culture.



Barchica 03

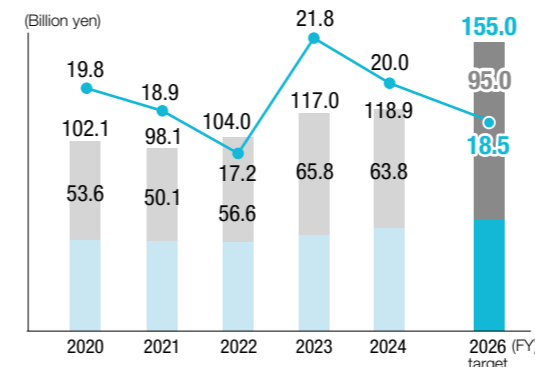
#### Drive the future

- We will build a sustainable social system by introducing energy-saving equipment in new developments and when we replace equipment, reducing waste materials from renovations, and establishing a clothing collection/recycling project.
- We will pursue sustainable operations through support for tenant staff recruitment and improvements to back-office operations.

## Performance

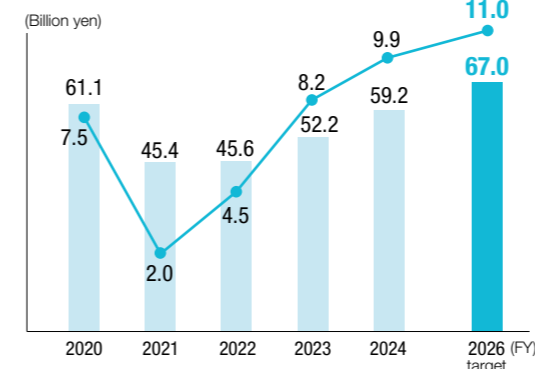
### Real estate lease and sales

- Lease income
- Operating income
- Sales (operating revenue)



### Shopping centers

- Operating revenue
- Operating income



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

## Review of business performance

### Achievements in FY2024

The shopping center business generated earnings and profits exceeding pre-pandemic levels thanks to facility renovations, measures targeting members, the rebound in customer traffic, and higher unit prices that tapped into strong consumer demand.

With regard to Inogate Osaka, part of the Osaka Project, we made steady progress on preparations for the opening of Barchica 03, a space featuring a variety of unique stores, and the leasing of offices that will generate innovation.

### Growth opportunities

In addition to the Osaka Project finally opening for business, we will continue taking art and innovation-oriented measures that will contribute to improving the appeal of the west side of Osaka Station to coincide with Expo 2025 and the preliminary opening of the adjacent Grand Green Osaka area.

To strengthen real estate asset management and improve asset efficiency, we have started operations at JR West Private REIT, Inc. and established JR West Real Estate Management Co., Ltd. to enhance real estate management.

### Future challenges (response to risks)

In the real estate leasing and sales business, we will tap into robust demand in the face of temporarily large office supply, especially in the Umeda area, build up our real estate portfolio while interest rates rise, and improve asset efficiency through REITs and other means.

In the shopping center business, in addition to opening new facilities such as Barchica 03, Umekita Green Place, and the new station building at Hiroshima Station (Minamoa), we will work to create demand at existing facilities by way of merchandising that meets customer needs. We will also utilize WESTER to strengthen our customer base.

# Further evolve real estate and city development

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

## Development of major stations



### Inogate Osaka

- Barchica 03 retail complex, flexible workspaces

Opened July 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

- Hotel Granvia Hiroshima South Gate, Minamoa retail complex

Scheduled to open in March 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.

### JP Tower Osaka\*

- KITTE Osaka retail complex, Sky Theater MBS, The Osaka Station Hotel (a premium hotel)

Opened July 2024

By establishing one of the largest office and retail complexes in western Japan, which includes a theater and a luxury hotel, we're helping bring a new level of vibrancy to the area around Osaka Station.

\*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	265 billion yen
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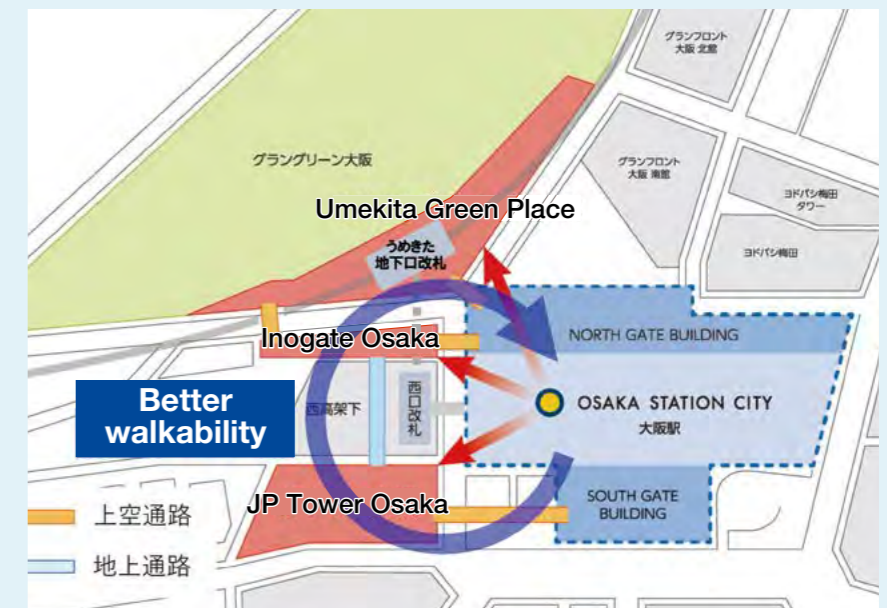
\*\*Cumulative total from FY2024-FY2026. Includes capital increase.

## News Making the area around Osaka Station more fun and walkable

On July 31, 2024, Inogate Osaka, KITTE Osaka (a retail complex at JP Tower Osaka), and The Osaka Station Hotel opened on the west side of Osaka Station. We're also opening pedestrian walkways connecting various properties to make the west side of the station a more walkable area.

In addition to making it easier to get to Kansai International Airport by opening a new, underground platform served by Haruka trains at Osaka Station (in the Umekita area) in March 2023, we opened Grand Green Osaka, based on the concept of green innovation (advance opening in September 2024). We're also planning to open Umekita Green Place, a new retail complex, in March 2025, followed by a large-scale renovation of the South Gate Building (grand opening scheduled in 2029). In this way, the area surrounding Osaka Station will become an internationally competitive hub with new appeal and functionality as an urban community that brings together diverse groups of people to create new value.

Recognizing the exceptional opportunities posed by these developments, the JR-West Group will seek to establish a Kansai urban brand by developing rail networks such as the Naniwasuji Line while further boosting area value.



## 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, including areas beyond hub stations.

### Vision

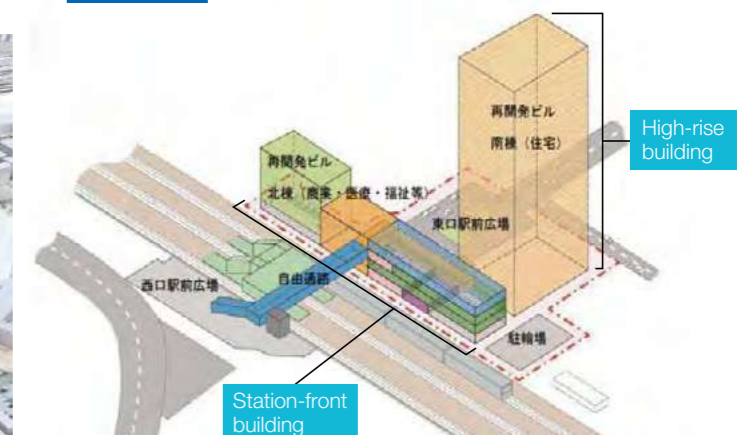
Integrating solutions to regional issues in partnership with the city of Akashi while realizing a convenient, livable community by taking advantage of our wide-area rail network



Nishi-Akashi Station south district

### Vision

Creating a community where people want to go to work by attracting a diverse range of startups and leading companies



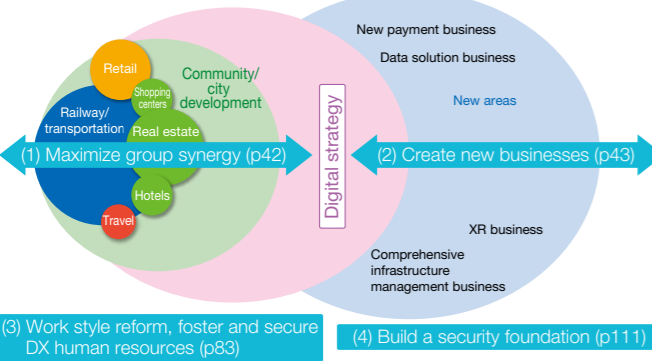
Mukomachi Station east district

# Develop diverse services via digital strategy

As society becomes increasingly digitalized, the JR-West Group is combining the real-world services and digital technologies it has built up in order to create new mobility demand and new businesses.

## 4 digital strategy pillars

Create a WESTER experience offering unprecedented convenience, value, and fun



As we look to realize the JR-West Group's Long-Term Vision and Medium-Term Management Plan 2025, we will continue to implement our four digital strategy pillars.

Recognizing that aggressive use of data and technology will be essential across all business domains, we will realize future-oriented city development by actively advancing business revitalization and structural reforms and creating connections that go beyond JR-West fans to let everyone participate throughout western Japan.

## Looking back

We have harnessed the Group's extensive and varied store of data to launch specific services that meet individual customers' needs and allow use by large numbers of customers, while drawing on the platforms and environments we've put in place to date. In addition, we are working steadily to train and retain the human resources who will play an essential role in moving these services forward and to build a security platform.

	Maximize group synergy	Create new businesses	Work style reform, foster and secure DX human resources	Build a security foundation
Initiatives	<ul style="list-style-type: none"> <li>Increase the number of businesses that subscribe to group companies' WESTER point services</li> <li>Open WESTER Mall, an e-commerce mall</li> <li>Release ICOCA for Apple Pay</li> </ul>	<ul style="list-style-type: none"> <li>Launch the Innovation Creation Program and support proposals</li> <li>Open Virtual Osaka Station (p.44)</li> <li>Sell internally created solutions outside the Group</li> </ul>	<ul style="list-style-type: none"> <li>Establish Trailblazer, a digital consulting agency (p.84)</li> <li>Utilize generative AI</li> <li>Support low-code app creation by employees</li> </ul>	<ul style="list-style-type: none"> <li>Build a system to quickly detect and manage vulnerabilities as a way to strengthen security across the Group (p.111)</li> </ul>
Main results (as of the end of FY2024)	<ul style="list-style-type: none"> <li>Number of WESTER members: About 8.11 million</li> <li>Number of active members*: About 2.64 million</li> <li>Number of WESTER point member businesses: About 3,900</li> <li>Number of mobile ICOCA users: About 1.49 million</li> </ul>	<ul style="list-style-type: none"> <li>Number of business ideas generated by the Innovation Creation Program: 510</li> <li>Number of people visiting Virtual Osaka Station: Total of 6 million</li> <li>Outside sales of solutions: 29 orders received</li> </ul>	<ul style="list-style-type: none"> <li>Number of employees belonging to the low-code app creation community: About 1,300</li> <li>Number of apps and workflows created: About 1,200</li> </ul>	<ul style="list-style-type: none"> <li>Spear-phishing email training no-report rate**: 0.6%</li> </ul>

\*1 Number of WESTER members who have earned or used points at least once within the last year.

\*\*2 Percentage of employees who clicked a link in a simulated phishing email sent to employees for training purposes and then failed to report the fact to their system administrator.

## Specific initiatives

### Evolving apps to serve as points of contact with individual customers

#### Making train delay information available in real time

To encourage wider use of the WESTER app, we've worked to refine rail service and information functionality by, for example, providing information about train delays in real time via the route search function.



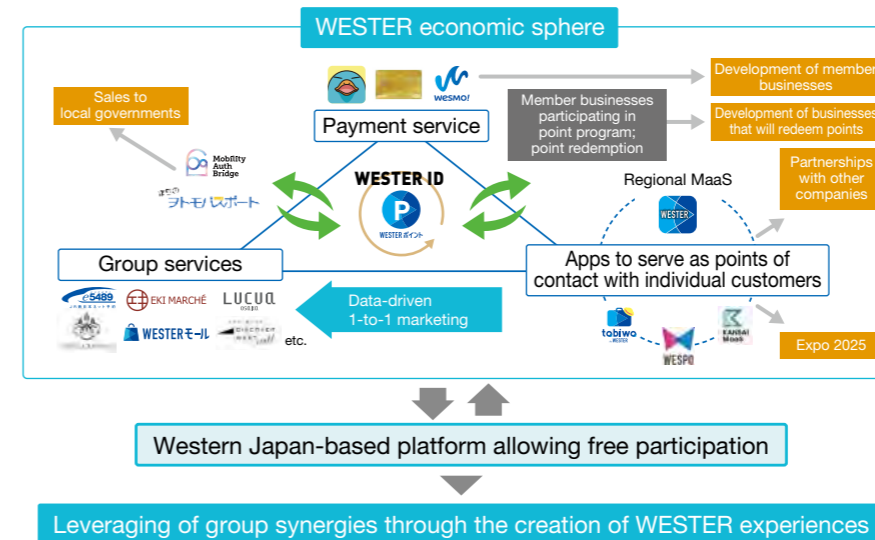
### Improving point appeal

#### Expanding the range of railway products that can be purchased with points

To create WESTER experience offering unprecedented convenience, value, and fun, we've added value-driven products that encourage customers to earn and use WESTER points.



## Vision of the WESTER economic sphere with a view toward maximizing group synergy

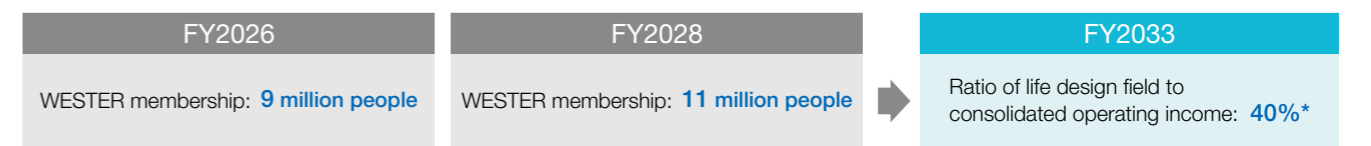


Under the update to Medium-Term Management Plan 2025 announced in April 2024, we're working to develop specific measures with a dual focus: implementing digital strategies to build an open platform (the WESTER economic sphere) for western Japan that combines real-world strengths with digital technology and strengthening marketing capabilities so that we can provide a menu of experiences (WESTER experiences) offering unprecedented convenience, value, and fun while creating synergies.

## KPIs

Reflecting our belief that offering experiences (WESTER experiences) with unprecedented convenience, value, and fun through broad use of real-world and digital services offered primarily by the Group with a focus on apps that serve as points of contact with customers will help create an economic sphere and contribute to the development of local communities as well as the Group's growth, we've established indicators by which we can assess the growth of the WESTER economic sphere.

The number of WESTER members is growing steadily, and we've revised our targets upwards as a result.



\*Including other businesses such as real estate, shopping centers, and regional/city development.

## 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.

### ICO+ (Icopura)

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.



### Encouraging use based on individual customers' needs

We're encouraging use of JR-West Group products and services by ascertaining needs based on individual customers' purchase histories and attributes and suggesting offers in response, for example to encourage use of particular businesses.



# Create new businesses

## New Wesmo! payment service that supports the WESTER experience



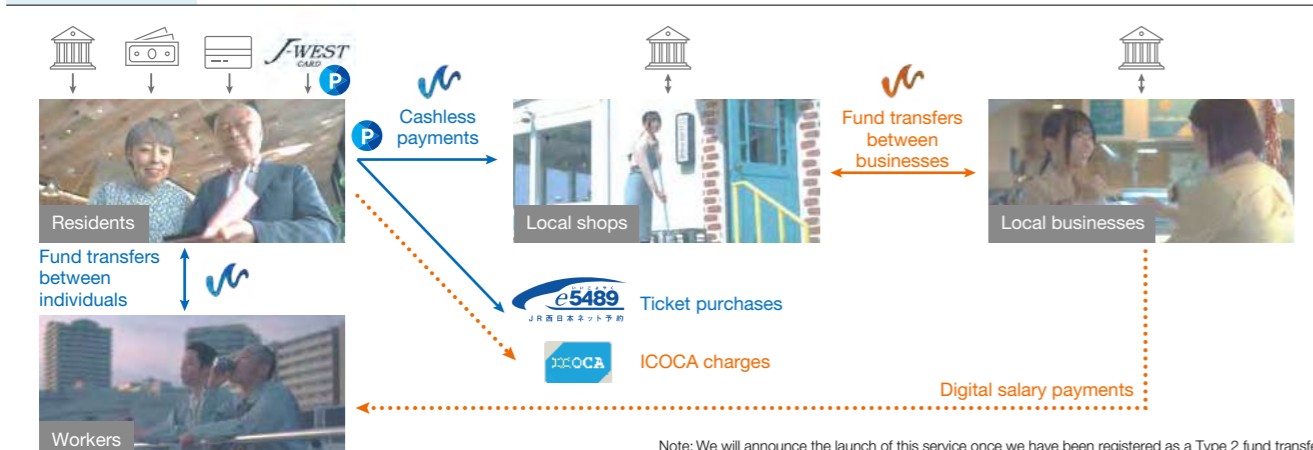
The JR-West Group will launch Wesmo!, a new payment and wallet service in spring 2025, following its registration as a Type 2 fund transfer service provider. In addition to allowing any and all users to earn and use WESTER points and easily make cashless payments, Wesmo! will offer financing and fund transfer services to shops and other businesses, setting it apart from other payment services in Japan. The name Wesmo! reflects the Group's strong commitment to leveraging its properties in western Japan to foster new connections and stirring the heart and driving the future from western Japan.

**Concept** Moving Is Value  
Creating a world where value is generated in a variety of situations by leveraging all types of movement to forge new, more convenient connections between people and people, people and their communities, and people and society



- Individual customers**
- Thanks to the ability to charge purchases and transfer funds to individuals from bank accounts, **Wesmo! will be an easily accessible service for people of all ages.**
  - By combining Wesmo! with ICOCA and the J-WEST card, we'll **broaden use of WESTER points to accommodate a variety of situations.**
- Shops and other businesses**
- When processing payments via Blue Tags, **businesses will pay a transaction fee of just 1.9% and gain access to funds in as little as one day.**
  - Funds can be transferred between businesses**, for example to pay suppliers, **without incurring any processing fees.**




**Future vision** We will have Wesmo! collaborate with ICOCA and the J-WEST card to realize growth in infrastructure that will play an essential role in creating the communities of the future by creating connections and virtuous cycles that bolster the entire region's economy.



Note: We will announce the launch of this service once we have been registered as a Type 2 fund transfer service provider. Dashed lines indicate future functionality that remains under consideration.

## 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 <span>Trial</span>	Example 2 <span>Trial</span>	Example 3 <span>Commercialization</span>
<p><b>XR business</b> (Virtual Osaka Station 3.0)</p> <ul style="list-style-type: none"> <li>We are reproducing and expanding stations, which demonstrate a variety of functionality and sociality in the real world, in virtual space. By utilizing digital technology, we have built a unique value co-creation field that allows these capabilities to be used with an even greater degree of freedom.</li> <li>We're seeking to realize unique local value creation through creative collaboration between businesses and other entities and users through initiatives that leverage both real-world and virtual station functions.</li> </ul> 	<p><b>JOBJOBGO</b></p> <ul style="list-style-type: none"> <li>In May 2024, we launched a new matching service that utilizes JR-West's rail network and the Group's shared WESTER point program along with West Japan Railway Career's extensive pool of human resources.</li> <li>We're working to resolve labor shortages and to revitalize the region through the creation of new work styles and new mobility solutions.</li> </ul> 	<p><b>+PLACE</b></p> <ul style="list-style-type: none"> <li>We launched this service in April 2023 as a new matching platform that makes it easy to search for and make reservations at about 600 workplaces nationwide using WESTER ID, which is also used to make train reservations.</li> <li>By providing an environment offering centralized capability for searching for and making reservations at a variety of work places, we're seeking to realize lifestyles that are free of the constraints of time and place.</li> </ul> 

### News 1

#### Bernal, a business creative collaboration program

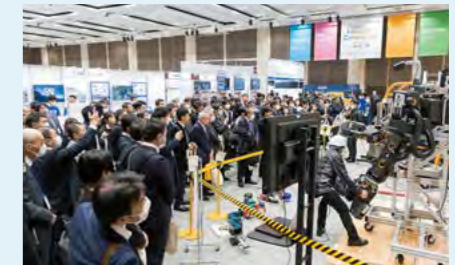
This program seeks to foster creative collaboration on new businesses by soliciting business ideas utilizing the JR-West Group's assets from startups and other businesses in line with the four visions and the concept of digital twin-based value creation set forth in the Long-Term Vision 2032 and Medium-Term Management Plan 2025. JR-West Group employees will come together with startups and other partners to go beyond mere partnership and support by forming a team to jointly verify ideas in an effort to commercialize them. When commercializing ideas, we will consider the possibility of funding through JR West Innovations, the Group's corporate venture capital arm.



### News 2

#### 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 FY2025, we plan to hold the event on December 5 and 6 with a range of creative exhibits.



Group companies' exhibits and hands-on booths

## Create new businesses

### Building a vibrant, sustainable society through JCLaaS

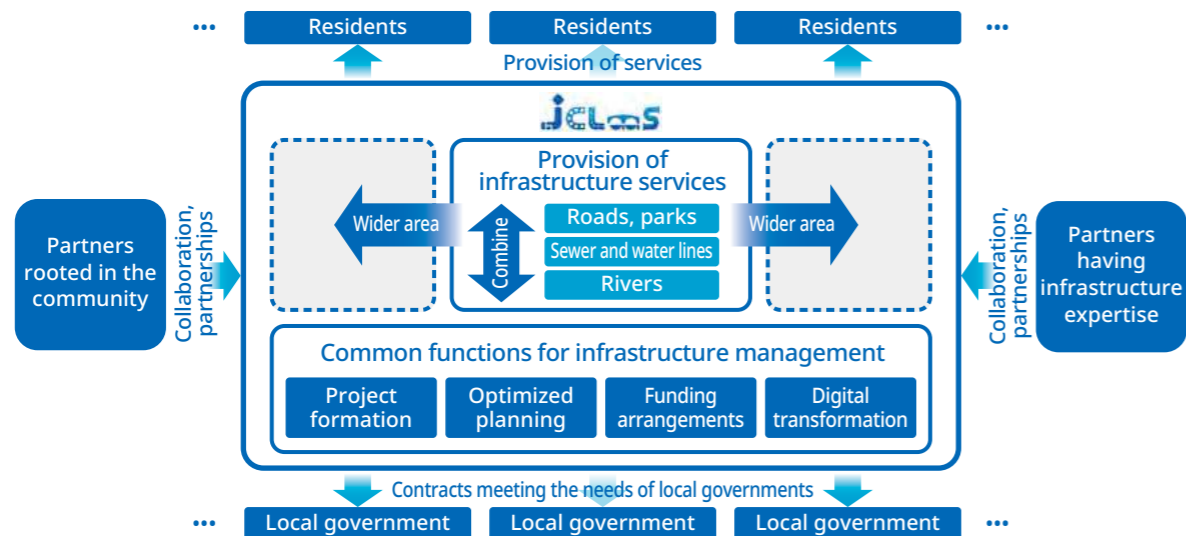


The Medium-Term Management Plan 2025 identifies JCLaaS, a comprehensive infrastructure management business, as a new business in the life design field. It seeks to bring together government, the private sector, and residents to realize the society of the future by rebuilding the infrastructure that will support rich and satisfying lifestyles and economic growth for future generations.

Since launching JCLaaS in February 2024, we have been hearing a lot from numerous local governments about serious infrastructure issues. Such infrastructure, including roads, sewer and water lines, parks, and public facilities, faces various problems, as facility aging and a shortage in workers become ever more apparent. Problems include increases in the number of bridges that become impassable due to a failure to keep up with maintenance and in the number of accidents caused by damage to roads. Nationwide, it is estimated that infrastructure maintenance and upgrades will cost about 10 trillion yen per year, a figure that is expected to weigh on future growth and development.

These infrastructure issues are substantially similar to issues that the JR-West Group has faced since the privatization of Japanese National Railways as it works to ensure the sustainability of its rail and freight services. We will create social and economic value through this business as we help resolve these challenges by making full use of the organizational capabilities that have allowed us to operate railroads throughout western Japan 24 hours a day, 365 days a year.

### Overview



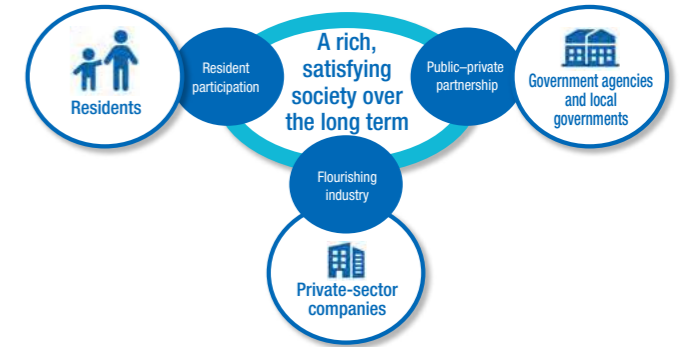
By building systems with partners possessing infrastructure operational expertise and partners rooted in the community and implementing solutions through optimized planning, funding arrangements, and digital transformation through JCLaaS, we will develop a business that leverages partnerships between government and the private sector to put in place comprehensive private-sector contracts, concessions, and other solutions.

Currently, the national government and local governments are transforming the conventional view of management by studying strategies for managing the regeneration of groups of regional infrastructure\* ("group management") from a wide-area perspective. Going forward, we will take steps including studying how to organize the roles of government, the private sector, and residents and specific approaches to operations in order to realize efficient, effective infrastructure management in partnership with such initiatives and moving forward with efforts to commercialize operations through new types of contracts.

\*This approach, which was proposed in December 2022 by the Ministry of Land, Infrastructure, Transport and Tourism, seeks to manage infrastructure in a strategic, comprehensive, and multifaceted way by identifying groups of infrastructure assets across regions and sectors.

### Realizing a rich and satisfying society over the long term

Developing businesses that underpin local lifestyles in concert with regional stakeholders over the long term will help ensure that infrastructure services continue to function as regional industries. Furthermore, local governments and partner companies expect us to go beyond infrastructure to resolve a variety of regional challenges. Going forward, we will broaden the scope of collaboration in an effort to develop JCLaaS as a major new business so that we can increase the corporate value of the JR-West Group. Through it, we will spur innovation in current societal systems; create a vibrant, sustainable future; and realize a rich and satisfying society over the long term in concert with our partners.



### The thinking behind JCLaaS

- J** The letter *J* incorporates the meaning of *Japan*, in the sense of serving as a vehicle for nationwide initiatives, and *join*, signifying the participation of government, the private sector, and residents.
- CL** The letters *CL* signify *community life*, reflecting our desire to help realize sustainable local lifestyles. The letter *C* also signifies the words *continuous*, in the sense of ongoing support for life that transcends generations, and *circular*, in the sense of a virtuous cycle in order to realize a sustainable society.
- aaS** The letters *aaS* signify a transformation in our approach to infrastructure, moving from a focus on physical property to its ongoing provision as a service.

### News 1

#### Launch of JCLaaS in February 2024

We launched JCLaaS after entering into collaboration agreements with corporate partners with a successful track record in, and capability for, overseeing infrastructure over the long term in the fields of information, communications, and finance.

Companies that have entered into collaboration agreements as of February 16, 2024

- West Japan Railway Company
- Sumitomo Mitsui Banking Corporation
- NTT Communications Corporation
- MUFG Bank, Ltd.
- Mizuho Bank, Ltd.
- Development Bank of Japan Inc.



### News 2

#### Example: Secondary comprehensive private-sector outsourcing of water service from the city of Fukuchiyama

We began participating in the secondary comprehensive private-sector outsourcing of water service from the city of Fukuchiyama in Kyoto Prefecture for five years starting in April 2024. We're operating an outsourcing business as a member of the special-purpose company Water Service Kihoku.

Water Service Kihoku

Established: September 15, 2023  
 Shareholders: Metawater Co., Ltd., Fukuchiyama Pipework Cooperative Association, West Japan Railway Company, others  
 Partner companies: Daitetsu Kogyo Co., Ltd. (a JR-West Group company), member companies of the Fukuchiyama Pipework Cooperative Association



Special feature

# Innovation to help realize our Long-Term Vision

In the JR-West Group's Long-Term Vision 2032 and Medium-Term Management Plan 2025 we focus on using innovation to achieve our long-term vision. Towards that end, we are working to create innovation-friendly environments and collaborating with various partners. Through innovation, we will create both social and economic value by helping to address local and social issues through our business as a company that coexists with communities.

## 1 Innovation examples

### (1) Development and introduction of new limited express Yakumo rolling stock

In order to further improve the service level and transport quality of the Yakumo limited express, which connects the San-in and Sanyo areas, we have introduced the new 273 series of railcars. We have developed and put into practical use Japan's first on-board controlled natural pendulum, thereby significantly improving ride comfort. This system continuously compares the on-board curve data with the data from the traveling position, and tilts the vehicle body at the appropriate time. In addition, the space between seats has been increased to the same degree as in the Shinkansen, making the interior even more comfortable. With the introduction of this rolling stock, we will provide an even safer and more comfortable travel experience.



New limited express Yakumo rolling stock

### (2) Start of operation of multifunctional railway heavy machinery

In order to address the social issue of a shrinking workforce, we are working to improve productivity and safety by mechanizing railway equipment maintenance. The multifunctional railway heavy machinery was developed in collaboration with Man-Machine Synergy Effectors, Inc. and Nippon Signal Co., Ltd. with the aim of creating highly versatile work machinery capable of handling the diverse equipment maintenance performed by humans at elevated heights. Since July 2024, Nishinohon Electric System Co., Ltd., a JR-West Group company, has been using it for railway equipment maintenance on commercial lines. Through mechanization, we will be able to eliminate heavy work at heights that previously required manual labor, thereby improving productivity and safety, while creating a work environment in which anyone can work on infrastructure maintenance regardless of gender or age.

#### ■ Overview of multifunctional railway heavy machinery



- Interactive and intuitive operation
- Equipped with various tools to handle a variety of tasks
- People can perform work at an elevated height while they remain on the ground
- Easy-to-learn operational techniques
- Excellent functionality and expandability (versatility)
- Improved work safety

### (3) Technological development aimed at self-driving of the Hokuriku Shinkansen

In order to build a sustainable railway system for the future, we have been conducting demonstration testing of self-driving functions at the Hakusan Depot of the Hokuriku Shinkansen since fiscal 2023 and are working on developing the core technologies necessary for self-driving.

Additionally, in April 2023, we signed an MoU (memorandum of understanding) with JR-East on technical cooperation to realize self-driving. We are working together to examine self-driving technology based on the Hokuriku Shinkansen cars (E7/W7 series).



Hokuriku Shinkansen W7 series



On-site test run

### (4) Practical application of self-driven caravan BRT (bus rapid transit)

We are in the midst of acquiring technologies for self-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 city development. Based on the results of the demonstration testing conducted on a dedicated test course (in Yasu, Shiga Prefecture) starting in October 2021, we began collaborating with the city of Higashihiroshima, which is considering introducing BRT, in fiscal 2023 and conducted the first demonstration testing on public roads in Higashihiroshima in November 2023 with the aim of putting it into practical use. This testing was the first of its kind in Japan in two areas: self-driving of articulated buses on public roads and caravaning of driverless buses on public roads. Test-ride events for the public were held in January and February 2024 and attracted a lot of attention. We will continue these sorts of efforts to find solutions to social issues.



### (5) Technical collaboration with overseas partners

We are pursuing technical collaboration with overseas partners in order to foster innovation through the incorporation of advanced technologies from around the world and to contribute to the development of the world's railways with the technologies we have cultivated. In May 2024, we signed an MoU on technical exchange with Swiss Federal Railways, and, in August, we signed an MoU on technical cooperation with RTRDA, a railway research institute in Thailand. We will keep a close eye on global technological trends as we strive for sustained growth while keeping pace with the rest of the world.



### (6) Generative AI-driven digital transformation in railway operations

#### ● Development of a station equipment failure search app (Mirai app)

In the event of a malfunction in the mechanical equipment at stations, we have developed an app that uses generative AI to search past cases to identify the cause of the malfunction and provide details on how to deal with it, so that station staff can resolve the problem themselves without having to contact a call center or arrange for maintenance personnel. When station staff enter a description of the problem, the AI will display suggested countermeasures on the app screen and also display similar past incidents. This will contribute to reducing downtime in customer services as well as easing the workload of those involved.



Screenshot of the Mirai app

#### ● Development of a guidance assistance app for station staff (Copilot for Station Staff)

We are currently developing an AI assistant that will complement the experience and knowledge of station staff in order to quickly find the information they need when they need it for information provided to customers at stations that requires them to refer to product information, such as sales rules and promotional tickets. (Testing planned at some stations in fiscal 2025.) This will reduce the waiting time per customer, and by analyzing app usage logs, it will be possible to identify heavily inquired products and sales rules. We will consider using this information to develop educational curricula for providing passenger guidance that is in line with actual usage as well as to review systems for greater efficiency.



Screenshot of Copilot for Station Staff (under development)



# Special feature Concerted Group effort to capture inbound tourism demand

Despite the anticipated decline in the domestic population, the number of foreign tourists visiting Japan has shown a rapid recovery since the end of the COVID-19 pandemic. The government has once again stated its goal of 60 million visitors, making inbound tourism a market that is attracting attention as a way to create new business demand.

The JR-West Group is promoting travel in western Japan by providing products aimed at foreign visitors and pursuing overseas promotion. We are also working to improve the system for accepting tourists through efforts like improving our station and railcar environments in line with national guidelines and establishing our own sales system, all with the aim of providing smooth and comfortable travel so that visitors can enjoy a stress-free trip in western Japan. Moving forward, an important issue will be to cultivate inbound tourism demand that extends beyond cities to rural areas. Taking advantage of the opportunity presented by Expo 2025, the entire JR-West Group, together with the local community, is working to identify and promote the various charms of western Japan that are not yet widely known and to spread the benefits of these efforts throughout the area.

## Past inbound tourism-focused efforts

### Providing products aimed at foreign visitors

We have created a range of products that facilitate travel along a variety of different routes so that visitors can travel widely throughout western Japan.

#### Product lineup for foreign visitors (as of July 2024)

Target area	Product
Nationwide	Japan Rail Pass
JR-West service area	Round trip: JR-West Rail Pass (12 types of area passes) One-way: Haruka One-Way Ticket, Sanyo Shinkansen One-Way Ticket, Hokuriku One-Way Ticket
With other JR companies	Hokuriku Arch Pass, Setouchi Area Pass, Sanyo-San'in Northern Kyushu Pass, Takayama-Hokuriku Tourist Pass, Ise-Kumano-Wakayama Tourist Pass

#### Recent product revisions, updates, etc. (major items)

- Dec. 2020**
  - Changeover of some JR-West-original unreserved seating products into reserved seating products (to avoid overcrowding and ensure comfort)
  - Creation of a JR-West All Area Pass
- Oct. 2023**
  - Sales price revision of the Japan Rail Pass; introduction of Nozomi and Mizuho tickets
  - Price revision of JR-West inbound travel products; termination of domestic sales
- Mar. 2024**
  - Launch of new Kansai-San'in Area Pass ahead of Expo 2025

#### Overseas sales channels

- Overseas on-line travel agencies (OTAs) and travel agencies
- On-line reservations for foreign visitors to Japan: JR West Online Train Reservation

#### JR-West products for foreign visitors can be picked up at ticket vending machines

- Automatic ticket vending machines with passport readers installed at major stations

Note: In addition to products for inbound travel, JR-West is promoting the use of Twilight Express Mizukaze and other sightseeing train tours.

### Identifying tourism content for foreign visitors, and selling and promoting it overseas

By utilizing local tourism resources in pursuing sales aimed at overseas markets, we are working to identify and promote the diverse charms of western Japan in order to attract more visitors.

A tourism ticket that allows visitors to use a single QR code to redeem coupons for tourist facilities, restaurants, and more

#### Have Fun in Kansai Pass

Choose any three or six locations from over 100 participating facilities.

In addition to the Kansai region, versions of this pass are also sold in Fukui, Wakayama, Okayama, Hiroshima, and Tottori. There are plans to continue expanding it to other regions.



#### Stored on an overseas distribution platform

- Bundled with our inbound travel products and sold and promoted through overseas OTAs and travel agencies
- Promotion targeting overseas markets is carried out in cooperation with local communities

### Improving the system for accepting tourists

In addition to attracting foreign visitors to the JR-West area, we are working with relevant departments to improve the system for accepting tourists so they can enjoy a comfortable stress-free trip.

#### Examples of unique JR-West efforts

- Dedicated counter for foreign visitors**  
(Kansai Airport Station, Osaka Station, Shin-Osaka Station, Kyoto Station)
- New Haruka boarding method using QR codes**  
This new method allows passengers to board the train without stopping at the station ticket counter or ticket machine by exchanging the QR code on the Haruka One-Way Ticket, purchased from an overseas OTA, for a boarding ticket at a dedicated terminal at Kansai Airport Station.
- QR code payment (Alipay, WeChat) at automatic ticket vending machines** (at some stations in the Kyoto-Osaka-Kobe area)
- Travel Support by JR-West web app**  
Helps users deal with problems encountered while traveling, such as providing evacuation guidance during a disaster or assistance with medical examinations in the event of sudden illness.



Note: In addition to these efforts, we provide information in multiple languages in accordance with government guidelines, set up public Wi-Fi, offer luggage storage areas, and more.

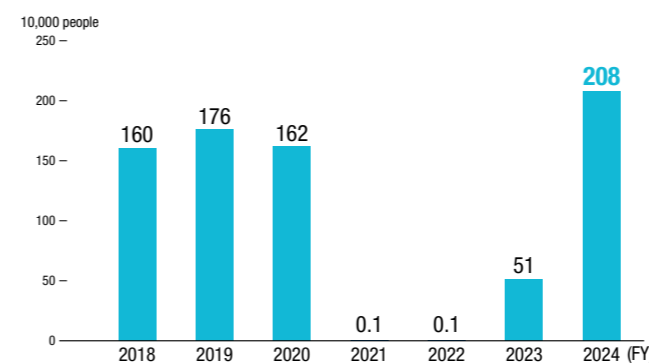
Note: QR code is a registered trademark of Denso Wave Incorporated.

### Making western Japan even more attractive to inbound tourists: Launching the Group Inbound Promotion Office

As a result of these various measures aimed at inbound tourism, the number of people using products specifically for visitors to Japan is increasing, and results for fiscal 2024 exceeded those for fiscal 2020, before the pandemic. Inbound tourism transportation revenue has already exceeded pre-pandemic levels and now accounts for more than 4% of total transportation revenue. In addition, inbound tourism revenue is also increasing and its proportion is rising in businesses outside the mobility service segment. Inbound tourism demand is expected to continue to grow, and we will continue to strengthen our promotions and improve our reception system to take advantage of this growth.

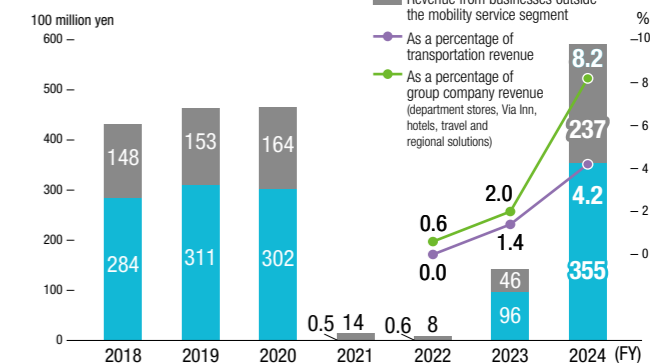
In order to further accelerate these efforts, we established the Group Inbound Promotion Office in June 2024 with the aim of bringing together and coordinating the full strength of the JR-West Group and capturing demand by creating value across the entire Group. There are a variety of challenges in attracting inbound tourists to venture beyond urban areas into regional areas, including labor shortages, language support, and secondary transportation; thus, many regions are struggling to attract tourists. We will continue to communicate the appeal of western Japan and encourage travel around the area, as well as work to create social and economic value by working with the local community to solve problems.

#### Number of users\* of exclusive products\*\* for visitors to Japan



\*Number of users of inbound tourist-exclusive products (sales and redemptions within the JR-West area)  
\*\*Exclusive products: Rail passes that can only be used by foreign visitors to Japan for tourist purposes

#### Inbound travel-related revenue



\*Transportation revenue: Sum of exclusive products and regular tickets (estimated)

# 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.

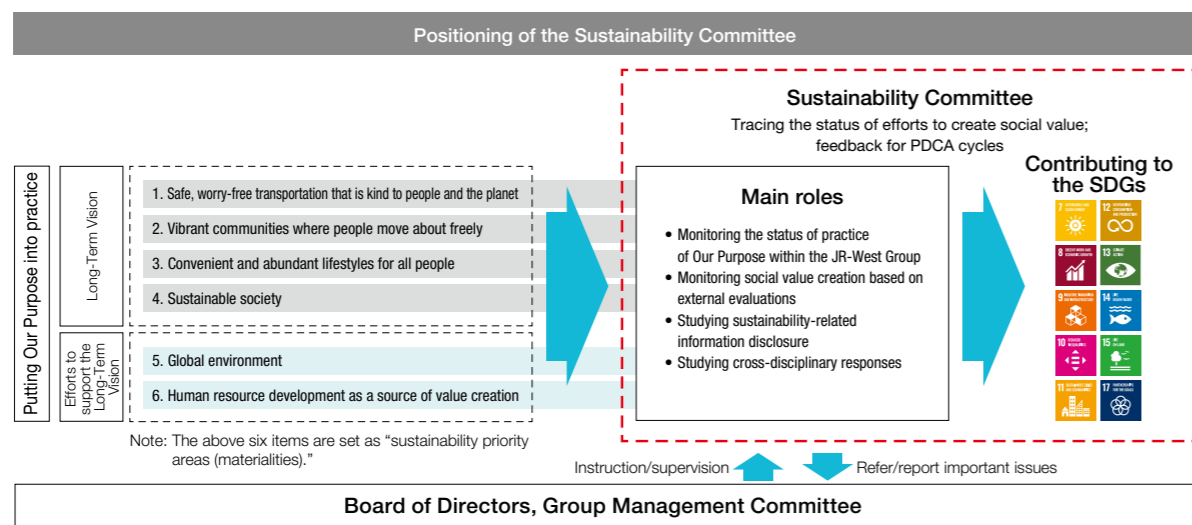
## Sustainability promotion system

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 submitted to and reported at meetings of the Board of Directors and the Group Management Committee, and initiatives are confirmed following repeated discussions, which also include outside directors.

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 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.

We believe that, in order to create social value, it is important to realize our materialities and to share and communicate Our Purpose, which is central to them. The Sustainability Committee takes a bird's-eye view of the status of initiatives in each sector, which are aimed at putting Our Purpose into practice and realizing our Long-Term Vision, taking into account external evaluations, the degree to which goals have been reached, and any issues that remain. It then provides feedback to the relevant departments for implementation of the PDCA cycle.



## Third-party ESG evaluations

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

### 2024 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 materialities

### 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)**

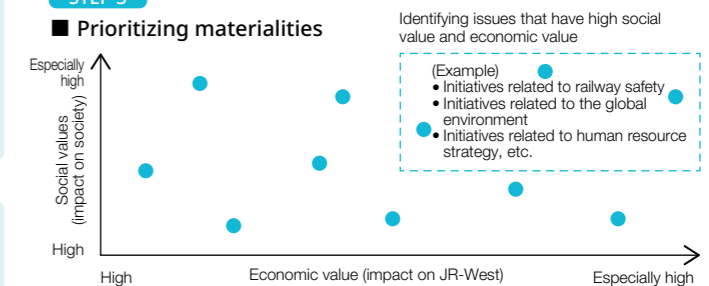
	E (environment)	S (social)	G (governance)
FTSE	<ul style="list-style-type: none"> <li>• Biodiversity</li> <li>• Climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Customer responsibility</li> <li>• Human rights and the community</li> </ul>	<ul style="list-style-type: none"> <li>• Anti-corruption</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 3

#### Prioritizing materialities



### STEP 4

#### 6 materialities

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

# Sustainability initiatives

## Sharing and communicating Our Purpose in support of social value creation

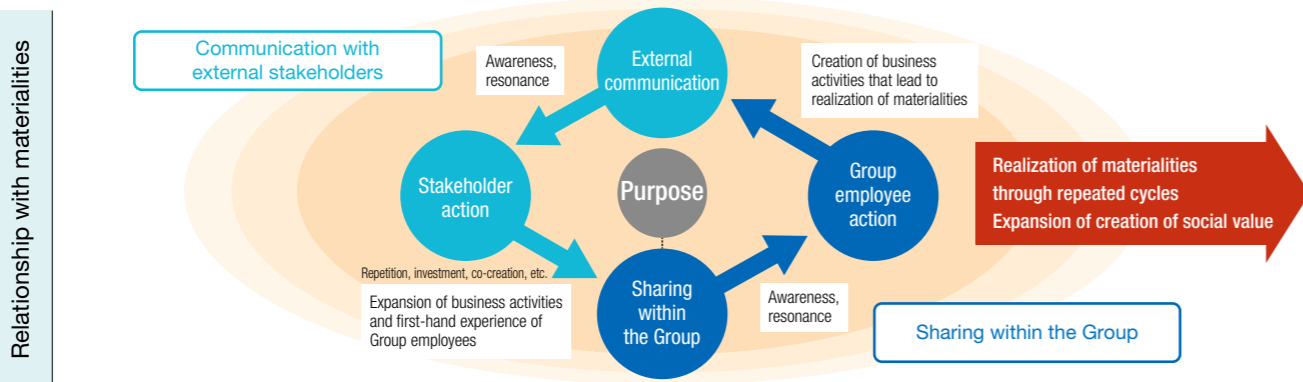
The JR-West Group's materialities have been established as priority areas closely connected with improving social value and achieving the ideal that we are aiming for with Our Purpose. We seek to achieve this through a variety of business activities that will cumulatively foster value creation. In order to generate and develop business activities that lead to the realization of our materialities, we believe it is important to ensure there is greater understanding of, and resonance with, Our Purpose to which we aspire.

In the JR-West Group, we are committed to Our Purpose, and we seek to expand business activities and value creation leading to the realization of our materialities through a repeated cycle of sharing Our Purpose within the Group, as well as communicating it to external stakeholders. In sharing this within the Group, we will raise awareness of the significance and passion behind Our Purpose, while also increasing momentum for creating social value, which will lead to concrete actions by

Group employees and will create business activities that actually lead to the realization of our materialities. When communicating with external stakeholders, we will communicate what kind of corporate group we want to be, based on our business activities, and this will lead to positive action based on the resonance we engender, which will expand our business activities and create a sense of accomplishment among Group employees, leading, in turn, to the next stage in the sharing cycle. By continuing this cycle, we hope to strengthen the behavior of Group employees and stakeholders, leading to the realization of materialities through business activities and the creation of greater social value.

The Sustainability Committee checks the status of this cycle and provides feedback on the results of monitoring, such as employee awareness surveys and brand research, to help improve the quality of future activities.

### Relationship between the implementation of Our Purpose and materialities/creation of social value, and examples of initiatives



### Creating a sense of unity throughout the Group

Example Group-wide public relations and standardized logo



### Communicating significance and history

Example Group company entrance ceremonies, internal dialogue events



### Communicating the worldview of Our Purpose to society

Example Corporate website themed on Our Purpose, dedicated page to convey the worldview of Our Purpose (West Moves)



Example Concept image commercial



Relationship with materialities

Examples of sharing and communicating

## Progress of materiality-specific KPIs

Materiality	The future we want to realize	Target status, KPIs, etc., by FY2026	FY2024 results
1. Safe, worry-free transportation that is kind to people and the planet	A future where transportation is established and recognized as a seamless service	<b>Objectives over the 5 years through FY2028</b> Train accidents that result in casualties among customers: None Train labor accidents that result in fatalities among employees: None	None 2
		<b>Objectives to achieve by FY2028</b> <b>Platform safety</b> Among stations covered by the barrier-free fare system, 1. Install platform gates at stations with more than 100,000 passengers: 60% installation rate 2. Install platform gates or platform safety screens at stations with fewer than 100,000 passengers: 50% installation rate	Installation rate 48% Installation rate 12%
		<b>Railway crossing safety</b> Install devices that verbally notify train drivers when a large vehicle is stuck on the crossing 1. Railroad crossings equipped with radio notification systems: 90% installation rate 2. Railcars equipped with image recognition systems: 60% installation rate	Installation rate 60% Installation rate 4%
		<b>Earthquake countermeasures</b> Earthquake countermeasures for the Sanyo Shinkansen 1. Measures to prevent structural collapse (bridge pier reinforcement): 100% installation rate 2. Measures to prevent large track subsidence (reinforcement of rigid frame abutments): 100% installation rate 3. Measures to prevent significant train deviation (installation of derailment prevention guards in high-priority sections): 100% installation rate	Installation rate 90% Installation rate 36% Installation rate 67%
		<b>Desired state</b> A state in which a safety-first culture is fostered, a system for ensuring safety throughout the organization is established, and safety think-and-act initiatives are practiced by all individuals	Management that prioritizes on-site decisions, a mindset of putting customers first and meeting their expectations, the creation of psychologically safe teams, on-site thinking and actions, and the five values we want to cherish
2. Vibrant communities where people move about freely	A future where the appeal of communities improves, leading to an increase in permanent residents, exchange, and related populations	<ul style="list-style-type: none"> <li>Number of visitors to areas around major stations</li> <li>Area around Osaka Station</li> <li>Area around Kyoto Station</li> </ul>	1,490,000 people/day 514,000 people/day
3. Convenient and abundant lifestyles for all people	A future where the fusion of the good aspects of the real world and the digital world greatly enhances individual experiences	<ul style="list-style-type: none"> <li>WESTER membership</li> <li>Number of active members</li> <li>Mobile ICOCA users</li> </ul>	About 8.11 million About 2.64 million About 1.49 million
4. Sustainable society	A future where a sustainable social system is built through collaboration with various partners	<ul style="list-style-type: none"> <li>Gain local fans through WESTER</li> <li>Create business that helps address local issues</li> <li>Realize an easy-to-use and sustainable local transportation system</li> </ul>	Certification of restructuring plan of the Johana and Himi Lines
5. Global environment		See page 60	See page 60
6. Human resource development as a source of value creation		<b>Human resource cultivation</b> <ul style="list-style-type: none"> <li>Number of users of various systems to support career development: 2,322</li> <li>Among them, the proportion of those who have skills related to businesses that are not linked to mobility: 28%</li> <li>Proportion of employees who acquired multiple specialist skills: 30%</li> <li>Next-generation senior management human resource reserve ratio: 330%</li> </ul>	3,099 people 30% 48% 221%
		<b>Diversity and inclusion</b> <ul style="list-style-type: none"> <li>Percentage of women in leadership positions: 8.0%</li> <li>Percentage of women in managerial positions: 5.5%</li> <li>Percentage of employees with disabilities: 2.8%</li> </ul>	6.8% 3.6% 2.94%
		<b>Work engagement</b> <ul style="list-style-type: none"> <li>Ratio of lively workplaces: 88%</li> </ul>	60%

Our values

President's message

Value creation process

A foundation for value creation

Data



# 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.



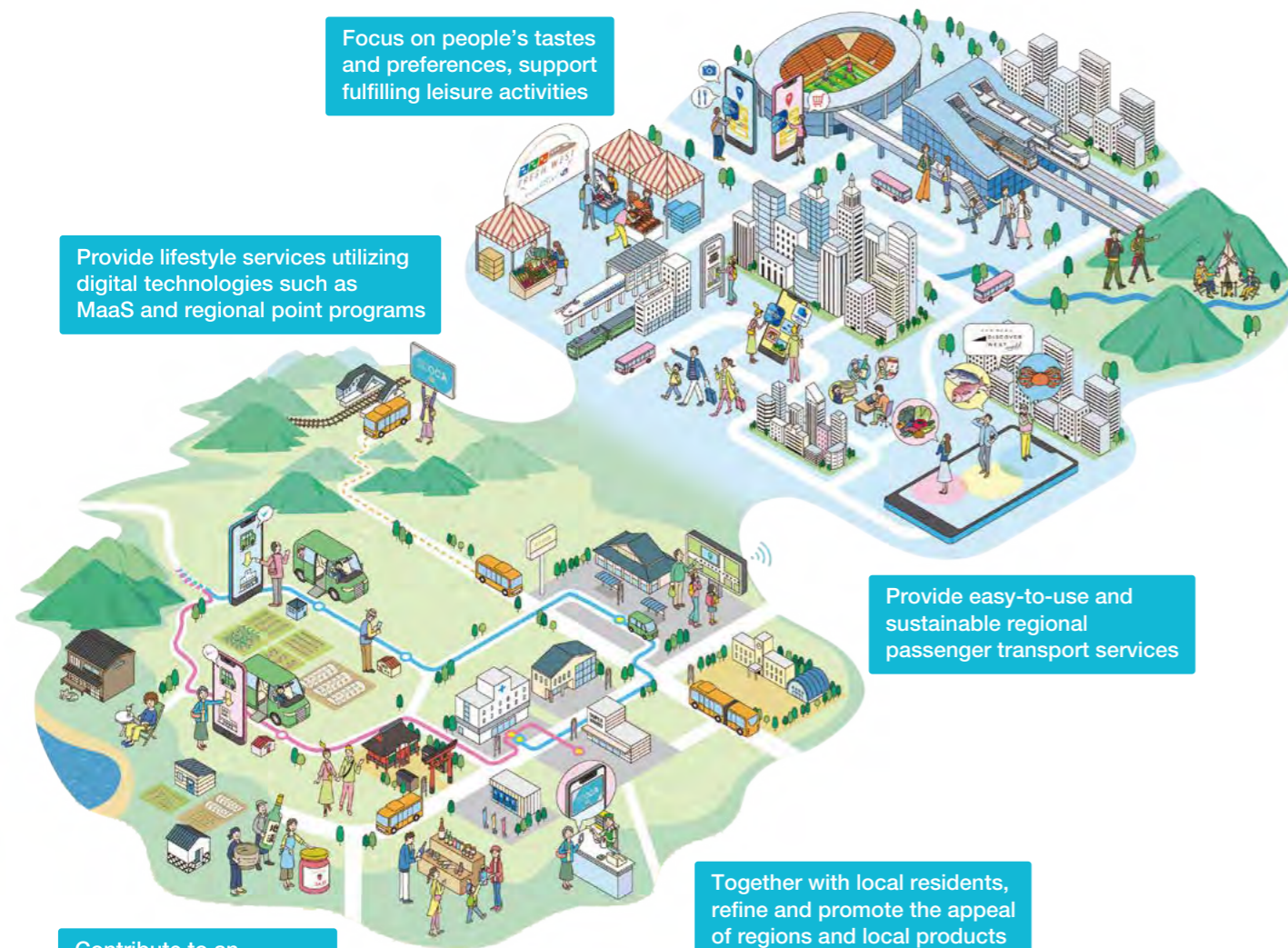
Focus on people's tastes and preferences, support fulfilling leisure activities

Provide lifestyle services utilizing digital technologies such as MaaS and regional point programs

Provide easy-to-use and sustainable regional passenger transport services

Contribute to an environmentally friendly and sustainable lifestyle

Together with local residents, refine and promote the appeal of regions and local products



## Promoting prosperous communities and local businesses

### Forest Festival of the Arts Okayama: Clear-Skies Country

Northern Okayama Prefecture is an area of beautiful scenery, culture, and attractive regional resources, including the magnificent nature of the Chugoku Mountains, historical towns that flourished as castle towns and post-station towns along old highways, traditional performing arts that have been passed down for centuries, and a wide variety of agricultural products. With the Forest Festival of the Arts Okayama: Clear-Skies Country, we hope to use art as a novel perspective through which to broadly convey the appeal of the region's scenery, culture, and history.

Furthermore, by promoting tourism centered around art, and by developing local products, such as bento packed meals and mizu yokan (a soft, adzuki bean jelly) using local ingredients, we hope to heighten the region's appeal and, thereby, increase tourism-related spending and visitor numbers throughout the region. We are convinced that interaction with artists and tourists will help residents rediscover their region's potential and feel an even greater sense of local pride.

#### ■ Forest Festival of the Arts Okayama: Clear-Skies Country

Period: September 28 to November 24, 2024  
Participating areas: 12 municipalities in northern Okayama Prefecture (the cities of Tsuyama, Takahashi, Niimi, Maniwa, and Mimasaka; the towns of Kagamino, Shoo, Nagi, Kumenan, and Misaki; and the villages of Shinjo and Nishiwakura)



Mori no Irodori parfait | Coffee-flavored mizu yokan jelly

### Freight business using passenger trains

With the primary aims of creating value together with various regions and companies and contributing to regional revitalization, we are operating a freight service that utilizes the vacant space on passenger trains throughout western Japan. By capitalizing on key features of Shinkansen and limited express trains, i.e., same-day delivery, high travel frequency, and low vibration, this service is gaining attention and attracting customers as the first of its kind in the world. It is also helping to address social issues, such as the so-called 2024 problem in logistics and environmental protection.

We have adopted the brand name Fresh West to refer to attractive products from western Japan that are delivered on the same day, in excellent condition, via passenger trains, such as the Shinkansen and limited express trains, and we are working to expand sales channels for local products as well as to disseminate information about the local regions. From fiscal 2025, six JR railway companies will work together to utilize the Shinkansen network to establish a nationwide network that encompasses all companies' service areas and expand business.



## Creating an easy-to-use and sustainable transportation system

Since our company's founding, we have worked with local communities to promote use of our local lines for improving transportation and encouraging tourism. At the same time, however, the social and physical environment surrounding local train lines is undergoing major changes, such as population decline, low birthrates and an aging society, road improvement, and increasing urban development centered on roads. We believe that there are lines where certain key features of railways are not being fully utilized, in terms of mass transportation, and that the advantages that railways offer in terms of CO<sub>2</sub> emissions are not being demonstrated.

In light of this, and in order to foster more concrete discussion with local residents, in April 2022 we began releasing information on the business status of lines with a transport density of less than 2,000 people, and we are currently pursuing dialogue about this.

As further population decline and other environmental changes are expected to continue in the future, we believe that, in order to achieve sustainable local communities, it is necessary to work with local residents to create an optimal regional transportation system that is easier to use than the current system, taking into account the differences in the characteristics of each line and the travel needs of each area, and that is tailored to the development of local communities.

Additionally, we are developing solutions related to various means of transportation. We wish to work together with local residents to utilize the power of innovation in exploring and realizing sustainable regional transportation systems.

#### ■ Example 1: Johana Line and Himi Line



For the Johana Line and Himi Line in Toyama Prefecture, together with the prefecture and cities along the line, we have compiled a railway business restructuring plan to improve convenience and comfort, including the introduction of new railcars and IC cards, in order to realize sustainable public transportation that will contribute to future urban development. This plan was approved by the Minister of Land, Infrastructure, Transport and Tourism in February 2024. (February 9, 2024 morning edition of the Toyama Shimbun newspaper)

#### ■ Example 2: Geibi Line



The first meeting of the restructuring council for the Geibi Line, which runs from Okayama to Hiroshima prefectures (between Bitchu-Kojiro and Bingo-Shobara), was held in March 2024. Discussions are underway with local parties, including the Chugoku Transport and Tourism Bureau, Okayama Prefecture, and Hiroshima Prefecture, to realize a sustainable transportation system free from any specific preconditions.

# 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.

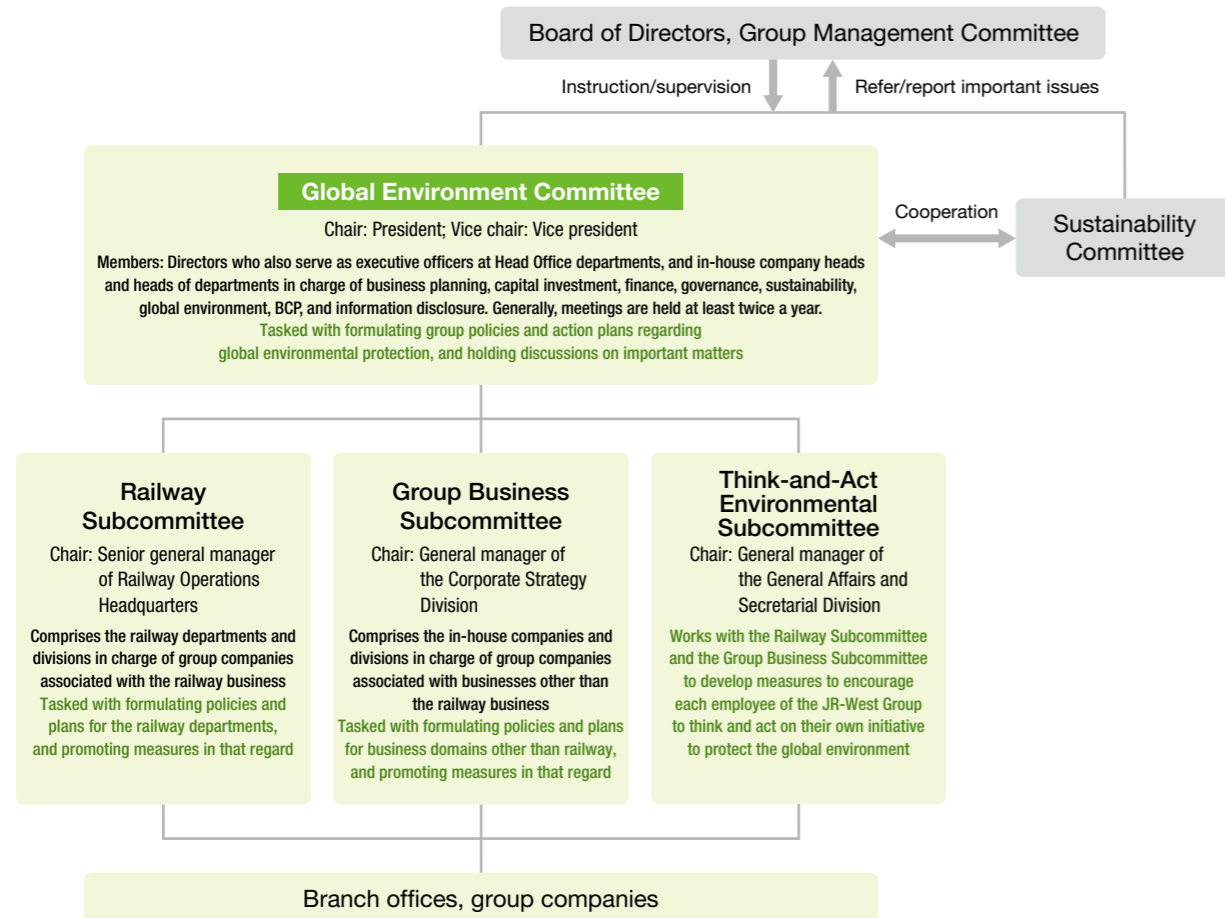
Speaking of the environment, the world has accelerated efforts to move to a decarbonized society in the face of global warming and climate change, and the pace at which it works to protect natural capital such as

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.



## 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.

## JR-West Group Basic Environmental Policy

**Basic policy** As a corporate group supporting social infrastructure, carry out initiatives to protect the Earth's natural environment in order to help make society more sustainable, which is the foundation of our business activities.

**Pillars of initiatives**

- Global warming prevention, climate change action
- Contributing to the creation of a circular economy
- Living in harmony with nature (biodiversity conservation, water resource protection)

**Foundation** All group members think and act for the environment, carry out steady environmental management

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

Note: Bold numbers indicate the FY2026 target has been achieved ahead of schedule.

Category	Indicator	FY2024 (result)	Target
Group wide	CO <sub>2</sub> emissions (consolidated; Scope 1+2; vs. FY2014)	1.78 million t-CO <sub>2</sub> (-17%)	<b>FY2026: 1.39 million t-CO<sub>2</sub> (vs. FY2014: -35%)</b> <b>FY2031: 1.07 million t-CO<sub>2</sub> (vs. FY2014: -50%)</b>
	Amount of used plastic bottles provided	— Note: To start in FY2025.	<b>FY2026: 50 t/year</b>
	Water used (per unit of consolidated net sales)	<b>5.4 m<sup>3</sup>/million yen</b>	<b>FY2026: 6.5 m<sup>3</sup>/million yen</b>
Railway company	Energy-saving railcars as a percentage of total rolling stock	<b>93.1%</b>	<b>FY2026: 93%</b> <b>FY2028: 95%</b>
	Energy intensity reduction rate (vs. FY2014)	-4.4%	<b>FY2026: -5.5%</b> <b>FY2028: -6.5%</b>
	Electricity from renewable energy as percentage of all power to operate trains*1	Shinkansen (bullet trains) 1.6% <b>Osaka Loop Line and JR Yumesaki Line 100%</b>	<b>FY2026: Shinkansen 6%; Osaka Loop Line and JR Yumesaki Line total 60%</b> <b>FY2028: Shinkansen 10%; Osaka Loop Line and JR Yumesaki Line total 100%</b>
	Practical use of renewable diesel in trains	Conducted driving tests	<b>FY2026: Implementation in diesel trains</b>
	Station and onboard garbage recycling rate	<b>99.5%</b>	<b>FY2026: 99%</b>
	Facility construction material recycling rate	<b>97.0%</b>	<b>FY2026: 97%</b>
Goods sales and food services company	Rolling stock material recycling rate	<b>98.7%</b>	<b>FY2026: 95%</b>
	Electricity consumed in convenience store and gift shop business (annual electricity consumed per unit of store floor space)	<b>551 kWh/m<sup>2</sup></b>	<b>FY2026: 553 kWh/m<sup>2</sup></b>
Hotel company	Reducing plastic product usage	<ul style="list-style-type: none"> <li>Plastic toiletries and other items*2 made of 100% environmentally friendly materials</li> <li>Drinking water provided in guest rooms switched to paper cartons</li> </ul> Amount of plastic products used: Approx. 30t/year	<b>FY2026: Plastic toiletries and other items*2 made of 100% environmentally friendly materials</b> <b>Use less than 10 t/year of single-use plastic items (vs. FY2020: ~70%)</b> <b>Completely eliminate plastic bottles as guest room water containers</b>
Shopping center company	CO <sub>2</sub> emissions (annual emissions per total sales floor space)	0.0323 t-CO <sub>2</sub> /annual sales hours x 1,000 m <sup>2</sup>	<b>FY2026: 0.0321 t-CO<sub>2</sub>/annual sales hours x 1,000 m<sup>2</sup></b>
Real estate company	CO <sub>2</sub> emissions from rental properties (vs. FY2014)	<b>39,000 t-CO<sub>2</sub></b>	<b>FY2026: 44,000 t-CO<sub>2</sub> (vs. FY2014: -24%)</b>

\*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

### Global warming prevention and climate change action

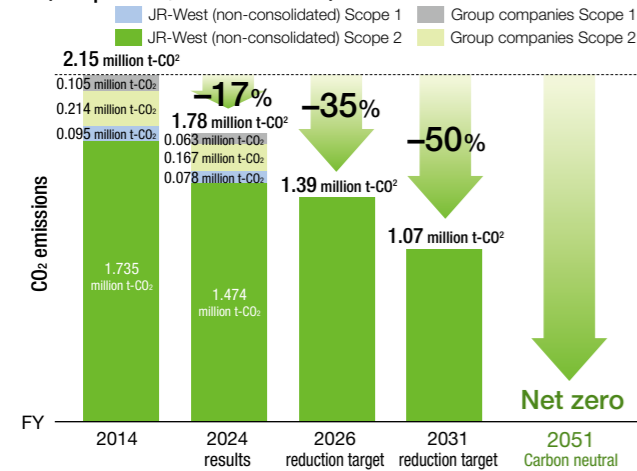
#### JR-West Group Zero Carbon 2050 long-term environmental goals

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 are working to replace the energy we use with renewable energy and reduce our total energy consumption through energy conservation.

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



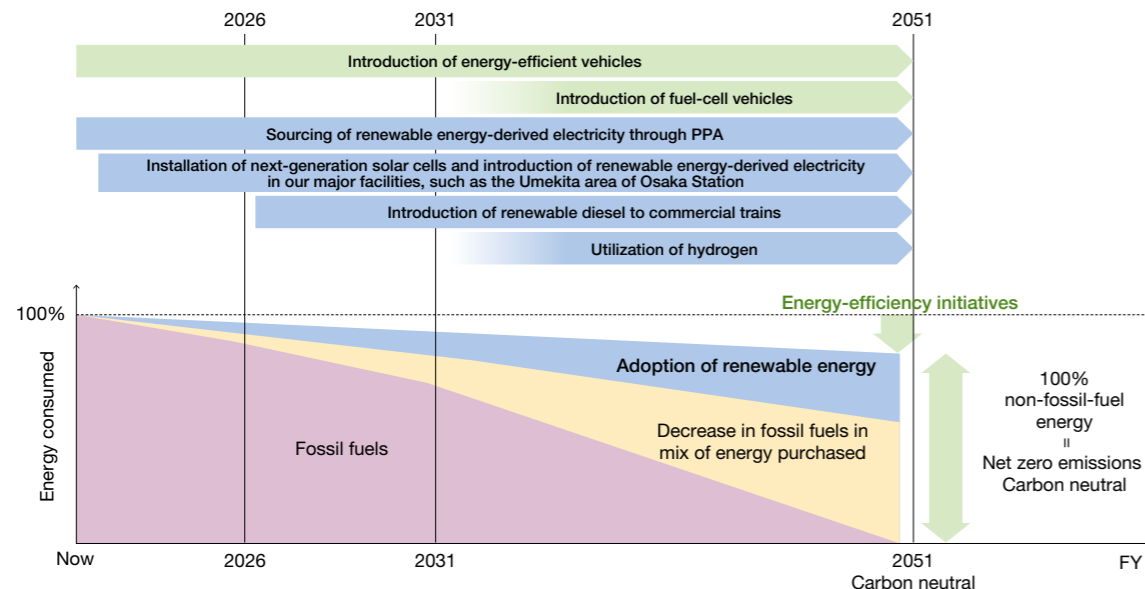
#### Scope 3 CO<sub>2</sub> emissions

	FY2023	FY2024
Non-consolidated	1.799 million t-CO <sub>2</sub>	1.918 million t-CO <sub>2</sub>
Group companies*	1.345 million t-CO <sub>2</sub>	160.0 million t-CO <sub>2</sub>
Total	3.144 million t-CO <sub>2</sub>	3.518 million t-CO <sub>2</sub>

- 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)

\*The scope of calculation for group companies encompasses all consolidated subsidiaries and Osaka Energy Service Co., Ltd., a group company with particularly large energy consumption.

#### Road map to carbon neutrality



Note: This graph is for illustration purposes only. It does not represent concrete percentages.

### Utilizing renewable energy

#### Using renewable energy-derived electricity for train operation

We are actively using electricity derived from renewable energy sources for train operation, mainly through off-site corporate PPAs (power purchase agreements). For our main Shinkansen lines (Sanyo Shinkansen and Hokuriku Shinkansen), which are high-speed intercity railways, we had been aiming to replace at least 10% of our total electricity consumption with electricity from renewable energy sources by fiscal 2028, but we now expect to achieve 13% renewable electricity by the end of fiscal 2028.

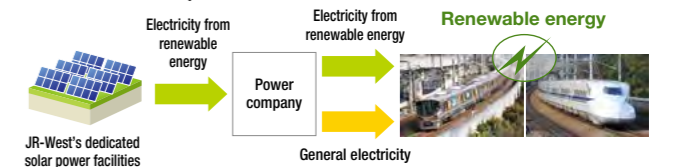
For the Osaka Loop Line and JR Yumesaki Line, which will be the main access routes for Expo 2025, we have advanced our target by four years to start operating on 100% renewable energy in February 2024.

The introduction of electricity derived from renewable energy is being expanded to major lines in the Kansai urban area, such as the JR Kyoto Line, Kobe Line, and Takarazuka Line. By fiscal

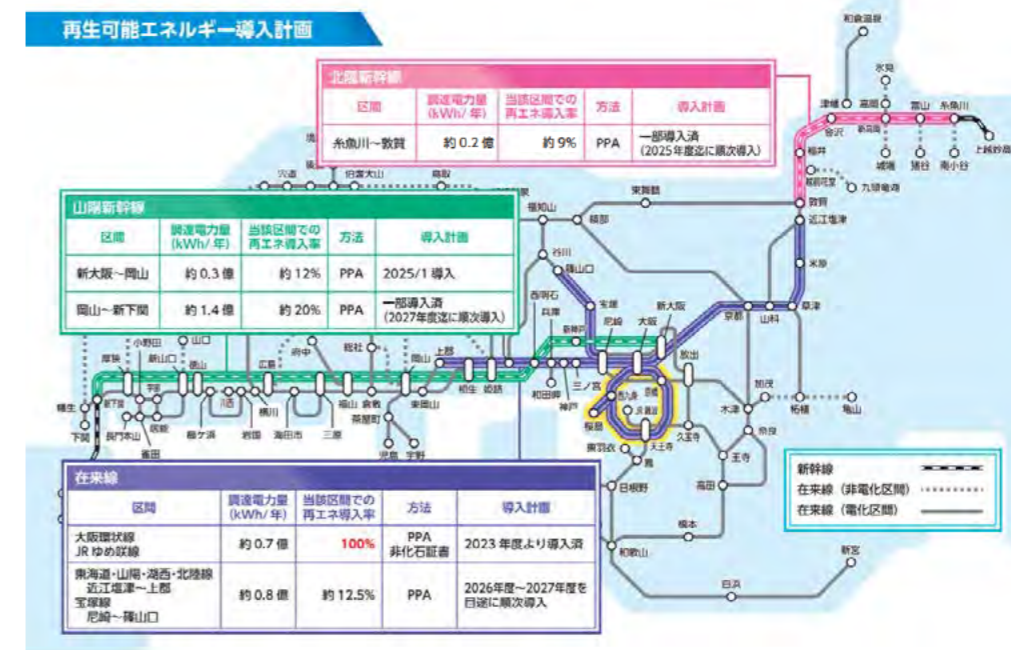
2028, approximately 11% of electricity used for operating conventional lines is scheduled to be replaced by electricity from renewable energy.

In order to further expand the use of electricity derived from renewable energy, we will also consider expanding beyond solar power to introduce new methods of power generation, such as wind power generation.

#### Off-site corporate PPA



#### PPA adoption rate route map



Newspaper ad announcing the start of carbon-neutral operations on the Osaka Loop Line and JR Yumesaki Line (March 2024)

#### Expanding the use of renewable energy in major facilities around Osaka Station

The North Gate Building and South Gate Building have been powered by 100% renewable energy since April 2024, and Inogate Osaka, which opened in July 2024, is also powered by 100% renewable energy. The Umekita area of Osaka Station (a ground-level station building), scheduled to open in the spring of 2025, is also expected to achieve 100% renewable energy by combining perovskite solar cells, a type of next-generation solar cell, with energy-saving equipment. We will continue to pursue the introduction of electricity derived from renewable energy sources into our group facilities.



North Gate Building (far right, across from Osaka Station) and South Gate Building (foreground left, across from Osaka Station)

Inogate Osaka (rendering)

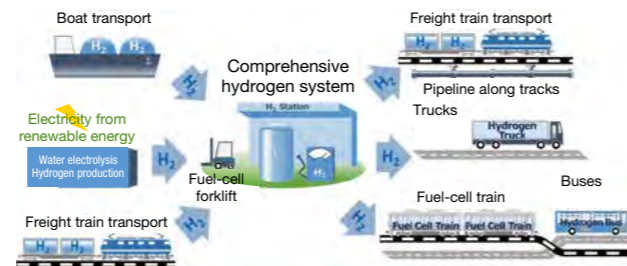
## Global environment

### Utilizing hydrogen in cooperation with local communities and businesses

The JR-West Group has been 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. In addition to the Himeji area, we have begun conducting feasibility studies in the Okayama area, stretching from the Mizushima area of Kurashiki city to Tsuyama city, as well as the Yamaguchi/Shunan area, looking at supplying hydrogen to various types of mobilities and transporting hydrogen via freight.

For the Okayama area, we received a FY2023 railway technology development subsidy (to study the implementation of railway decarbonization facilities) from the Ministry of Land, Infrastructure, Transport and Tourism, and we conducted a joint survey with ENEOS Corporation and Japan Freight Railway Company. For the Yamaguchi/Shunan area, the second Shunan City hydrogen utilization plan was announced in April 2024, reflecting our hydrogen utilization plan.

The feasibility study in the Himeji area has been selected for a grant project by NEDO (New Energy and Industrial Technology Development Organization). Together with The Kansai Electric Power Co., Inc., Japan Freight Railway Company, Nippon Telegraph and Telephone Corporation, NTT Anode Energy Corporation, and Panasonic Corporation, the project is conducting research and investigation into the large-scale transportation and utilization of green hydrogen through to fiscal 2026, with the aim of creating demand for hydrogen and building an efficient hydrogen supply chain.



### Running tests of renewable diesel

Since fiscal 2023, JR-West has been conducting performance tests and running tests 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 participated through a joint technological development body of seven JR companies and the Railway Technical Research Institute. The initiative aims to develop technologies that will facilitate the use of renewable diesel to power trains. As the tests up to fiscal 2024 showed good results, long-term running tests will be conducted using commercial trains on the Gantoku

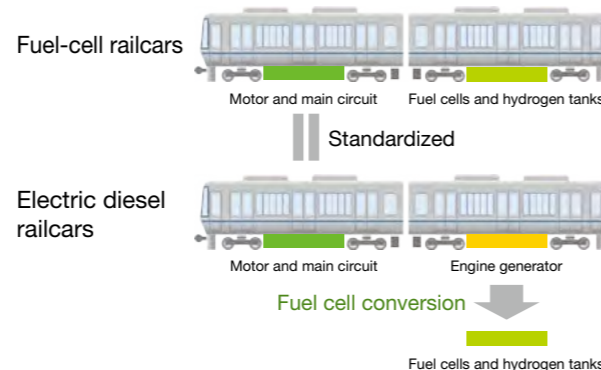
Line and Sanyo Main Line in fiscal 2025. The goal is to replace 100% of the fuel in currently owned diesel railcars with renewable diesel, with the aim of using it on commercial trains in fiscal 2026.



### Studying the development fuel-cell vehicles

Regarding the replacement of diesel railcars, we have also begun considering the introduction of fuel-cell vehicles. We will adopt highly versatile fuel-cell and hydrogen storage systems, which are expected to be standardized both domestically and internationally. Furthermore, the main circuit system that controls the motor will be shared with electric diesel railcars, which are intended for introduction in non-electrified sections, just like fuel-cell vehicles, and we will consider a configuration that will allow conversion to fuel cells, such as when the vehicles are updated. Development is being carried out in collaboration with Mitsubishi Electric Corporation and Toyota Motor Corporation, with the aim of starting commercial operation in the early 2030s.

#### Conceptual image of shared main circuit system



### Modal shift initiatives in cooperation with local communities and society

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 making trains and other public transportation more convenient through the JR-West WESTER app and publicizing the environmental friendliness of trains as transport modes within and between cities.

Specifically, in terms of modal shift in passenger transportation, from the second half of 2023, we have been working with the JR Group and the Japan Private Railway Association to create a common logo and slogan as a railway industry-wide initiative, and we will be strengthening PR efforts to promote understanding of the environmental advantages of railways.

As part of this, for corporate customers, we offer a carbon offset program in our online e5489 business trip reservation service, as well as a service for Express online reservation corporate members that uses CO<sub>2</sub>-free electricity to ensure that CO<sub>2</sub> emissions associated with business trips on the Shinkansen are virtually zero. Together with companies committed to protecting the global environment, we are actively working to reduce CO<sub>2</sub>

emissions and develop a sustainable society through the use of railways.

We are also working in collaboration with local governments on various initiatives, such as digital stamp rallies to encourage people to switch from driving to traveling by train and environmental education for elementary school students.

The common logo and slogan of the JR Group and the Japan Private Railways Association



Video to promote the environmental advantages of railways

Joint PR poster by the JR Group and the Japan Private Railway Association



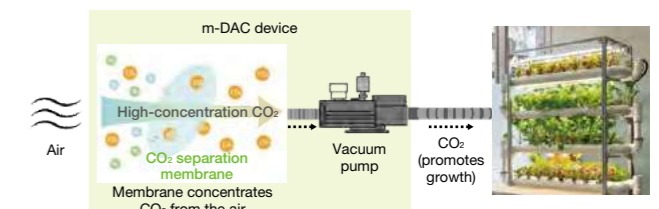
As part of our participation in an Osaka Prefecture project, we held a digital stamp rally via the WESTER app with the aim of promoting understanding of the environmental advantages of railways and of encouraging people to switch from automobiles to railways (held in August and September 2024).

### Demonstration project to capture CO<sub>2</sub> from the air

In collaboration with Carbon Xtract Corporation and Spice Cube Inc., we have begun a demonstration project for a plant factory that utilizes m-DAC<sup>®</sup> technology\* to capture CO<sub>2</sub> from the air. This project has been selected for Osaka Prefecture's FY2024 carbon neutral technology development and demonstration project subsidy. Our aim is to implement a new CO<sub>2</sub> reduction model in future society, such as by setting up these plant factories in stations and other locations in urban areas and selling the vegetables grown while, at the same time, capturing CO<sub>2</sub>.

\*Carbon Xtract's world-first technology uses an innovative nano-membrane separation technology (m-DAC<sup>®</sup>) with overwhelmingly high CO<sub>2</sub> permeability to capture CO<sub>2</sub> from the air through membrane separation. m-DAC<sup>®</sup> is a registered trademark of Kyushu University.

#### Plant factory using m-DAC<sup>®</sup> technology



## Global environment

### Contributing to the creation of a circular economy

#### Hotel company initiatives to eliminate plastic

West Japan Railway Hotel Development, Ltd., which handles JR-West's hotel business, has completed its efforts to eliminate specific plastic items at five Hotel Granvia hotels, four Hotel Vischio hotels, and the Nara Hotel. It has replaced 100% of the plastic items as defined by Japan's Plastic Resource Circulation Act (10 items, including guest room toiletries and cutlery) with items made of environmentally friendly materials by the end of fiscal year 2024. This is two years ahead of the end of fiscal year 2026 target.

With regard to the goal of eliminating plastic bottles for drinking water in guest rooms, which is set to be achieved by fiscal 2026, all hotels have achieved this goal two years ahead of schedule by switching from conventional plastic bottles to drinking water packaged in paper cartons or by installing water servers.

Hotel Granvia Kyoto has been collecting used vegetable oil and other cooking oil from its restaurants so that it can be used

to make straws made of Kaneka biodegradable polymer Green Planet™\*. This initiative is now being rolled out to other hotels overseen by West Japan Railway Hotel Development. Efforts like these are being actively employed to eliminate plastic, with the goal of reducing plastic usage by approximately 70% by fiscal 2026 (compared to fiscal 2020).

Umekoji Potel Kyoto and The Osaka Station Hotel, which opened on July 31, 2024, are also working to eliminate plastic, including providing toiletries made of environmentally friendly materials.

\*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.

JR-West Hotels is implementing various SDGs initiatives under the slogan of "Doing what we can to create a hotel that exists in harmony with society." We will continue to work hard every day to not only move away from plastic but also to be a people-friendly and environmentally friendly hotel group.



Section manager, Brand Strategy Department, West Japan Railway Hotel Development, Ltd.  
**Junko Nakamoto**



Toiletries made of environmentally friendly materials



Drinking water provided in paper cartons in guest rooms

#### Upcycling and recycling lost umbrellas

As part of its efforts in conjunction with Kumano High School's Kumano Supporters Leader Club to promote the use of AEDs, the Kansai Regional Head Office's Kii-Tanabe Station is upcycling lost umbrellas discarded at the station into AED sheets designed to protect privacy when using an AED. These sheets have been well received by the public, including winning the Tokushima Governor's Prize at the Ethical Koshien 2023 awards and the grand prize at the 23rd Wakayama Environmental Awards. There are plans to install them at stations in the Kyoto/Osaka/Kobe area in the future.

Japan Railway West Trading Co. is also working to upcycle discarded plastic umbrellas. The aim is to collect and reuse the plastic parts, thereby significantly reducing the rate of umbrella waste. We are currently developing a scheme for commercialization and plan to start full-scale operations from next fiscal year.



Kumano High School's Kumano Supporters Leader Club members with Kii-Tanabe Station's

**Tomohiro Izutani**, section chief, and **Miyoko Okada**, transportation manager

#### Upcycling discarded uniforms by turning them into recycled felt

Japan Railway West Trading Co. collects discarded uniforms from JR-West and thoroughly pulverizes them at a factory. After processing them into fiber, the material is upcycled into items such as partitions for use in the workplace. The partitions can be easily removed and can also be used as makeshift mattresses in the event of an emergency, an ingenious design that contributes to a sustainable society.

"As a trading company in the JR-West Group, we are working to address the various issues faced by the Group. Developing products is not easy, but we will continue to work towards the creation of a system that reduces waste, cuts CO<sub>2</sub> emissions, and achieves a circular economy, while also contributing to society."



Creativity Group, Solution Sales Department, Japan Railway West Trading Co.

**Takehiro Kariya**, leader **Masatoshi Konishi**, section chief

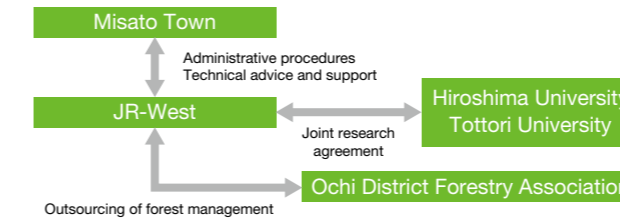
### Living in harmony with nature

#### Forest regeneration in cooperation with the local community (Misato Town, Ochi District, Shimane Prefecture)

Since May 2024, we have been conducting a demonstration experiment on forest regeneration with Misato Town in Shimane Prefecture in a former railway forest (about 5.8 hectares) that we own along the former Sanko Line in our service area. The goal is to effectively utilize the forest's diverse functions. This experiment is a joint research project with Hiroshima University and Tottori University, and forest operations are being carried out in cooperation with the Ochi District Forestry Association. It involves activities such as verifying and evaluating timber extraction techniques, which make use of old railway tracks and investigating reforestation plans that take into account wildlife protection.

With this experiment, we seek, through regeneration of the aged forest, to maintain and enhance the forest's multifaceted functions, such as water source conservation, prevention of landslides, preservation of biodiversity, and CO<sub>2</sub> absorption.

#### Demonstration experiment structure



The former railway forest in Misato, Shimane



On-site forest survey by project members

#### Environmentally friendly weed control using ginkgo leaves

The Himeji Track Maintenance Center is addressing the problem of weeds along its tracks by finding ways to eliminate them. Under the supervision of Professor Emeritus Yoshiharu Fujii of Tokyo University of Agriculture and Technology, we are using ginkgo leaves to take advantage of their allelopathic\* effects. We will continue to use ginkgo leaves collected with the cooperation of local residents and others to eliminate weeds, as this helps reduce the amount of herbicides, making this an environmentally friendly initiative.

"Last summer, at a family gathering, I learned a bit of traditional wisdom that if you plant ginkgo trees too close to a field, vegetables won't grow. This gave me the idea of using ginkgo leaves to prevent weeds. Track maintenance departments company-wide are struggling with weed control, with the risk of work accidents, the cost of weed control, and the effort involved becoming a major problem. We have requested the cooperation of local governments and others in collecting fallen ginkgo leaves, which can only be incinerated, and scattering them along the railway tracks to prevent the growth of weeds. This way we are working to achieve the SDGs and protect the environment."

\*Allelopathy: A phenomenon whereby chemical substances released by plants have an effect on other plants and organisms.



Kakogawa Track Maintenance Office, Himeji Track Maintenance Center

**Tetsuro Nagahama**, Maintenance Office chief **Kotaro Yatsuka**, facility manager

#### Contributing to riverine biodiversity without burdening the ecosystem

An endangered Japanese eel was found in the Dotonbori River where construction work for building a railway caisson is underway. At the Osaka Construction Office's Naniwasuji Line Construction Site, we are working with the construction company, Kajima Corporation, to carry out surveys and keep the burden on the ecosystem caused by construction within acceptable limits. We are also installing "stone cages" at the site to help create habitats for living creatures and working with related companies to contribute to the maintenance and development of the ecosystem.

"The discovery of Japanese eels in Dotonbori River was covered by many media outlets and TV programs at the time. Construction work on the Naniwasuji Line project was about to begin, and the site where the eels were discovered was right where construction was taking place. So, we consulted with a specialist about considerations for the ecosystem, and, after repeated discussions with the construction company about what could be done during construction, we took measures. We believe that these sorts of considerations will help maintain the Dotonbori River ecosystem and increase public understanding of the construction work."



Structural Technology Office (formerly Osaka Construction Office, Naniwasuji Line Construction Site), Railway Operations Headquarters  
**Takuya Nakashima**

# Global environment

## Analysis of climate change and nature-related risks and opportunities (disclosure based on TNFD and former 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.

Protecting the global environment is an important management issue for the future continuity of our business, and we are working to understand the various climate change and nature-related risks and opportunities. We support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD) and will proceed with appropriate disclosure and analysis

of information on climate change and nature-related risks and opportunities.

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. With regard to nature-related risks and opportunities and their analysis, we narrowed down the scope of our targets based on the size of our business bases and the extent of their contact with natural capital during operations, and we focused on general depots (rolling stock factories where inspections, repairs, and modifications of railway vehicles are carried out).

### 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.

### Strategy

#### Climate change-related

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 its entire 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 69 to 72. The analysis was conducted using a 1.5°C increase scenario (RCP<sup>\*1</sup> 1.9) 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 using renewable diesel. 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.

#### Nature-related

We analyzed and evaluated the railway business, which is the majority of the mobility segment and which accounts for approximately 60% of the JR-West Group's revenue, in accordance with the LEAP (locate, evaluate, assess, prepare) approach advocated by the TNFD as an integrated approach to evaluating nature-related issues. Specifically, in order to clarify the scope of the study and the nature-related topics to be analyzed, we first used the ENCORE<sup>\*3</sup> nature risk assessment tool to confirm the overall status of our railway business' dependence, and impact, upon nature. Of the identified items, we confirmed operational details that have a high point of contact with natural capital, focusing on items that are not subject to climate change causal analysis under the TCFD.

Our railway business is broadly comprised of train operation and equipment maintenance. As a result of narrowing down the scope of our analysis, we decided to focus on our general depots, which are the largest business base in terms of scale and, therefore, have the greatest dependency, and impact, upon natural capital, as well as also use the most water.

Regarding dependence on natural capital in the operation of our general depots, we recognized a certain degree of dependence on water resources for washing parts, water supply, and other uses. However, when we assessed the water stress around our bases using the Aqueduct<sup>\*4</sup> water risk assessment tool, we found that none of our general depots are located in areas with high water stress or risk of water depletion. Regarding the impact of our operations on natural capital, we recognize the risk of violating regulations and incurring liability for damages due to water and soil contamination caused by improper handling of wastewater and waste. However, we are taking steps, through our own ISO 14001-compliant environmental management system, to prevent environmental pollution, minimize damage if it does occur, and reduce our environmental impact.

We also learned that through nature-conscious business, we can gain opportunities to deepen collaboration with local communities and expand sales

of group company products and services that contribute to reducing environmental impact. The specific analysis content is given on pages 73 and 74.

As a goal related to natural capital, the JR-West Group set a target for water usage per unit of consolidated sales, which indicates the efficiency of water use in business activities, to 6.5 m<sup>3</sup>/million yen or less by fiscal 2026. This target was achieved in fiscal 2024 through actions to reduce water usage, such as water-saving efforts by all employees, facilitated via water-related education, and the replacement of equipment with water-saving ones in each business department. We will continue to push efforts that contribute to the protection of natural capital in general, including biodiversity.

Moving forward, the JR-West Group will take appropriate measures to address the risks and opportunities it has identified, thereby working to improve corporate value in a sustained, long-term manner as a corporate group responsible for social infrastructure, while contributing to the realization of a sustainable society.

<sup>\*1</sup> RCP: Representative concentration pathways  
<sup>\*2</sup> Scope 1 and Scope 2 emissions (consolidated)  
<sup>\*3</sup> ENCORE (exploring natural capital opportunities, risks and exposure): A TNFD presentation tool that visualizes the risks posed to business by dependence, and impact, upon nature and by environmental change.  
<sup>\*4</sup> Aqueduct: A TNFD presentation tool provided by the World Resources Institute (WRI) that can assess water-related risks, such as water stress and water depletion.

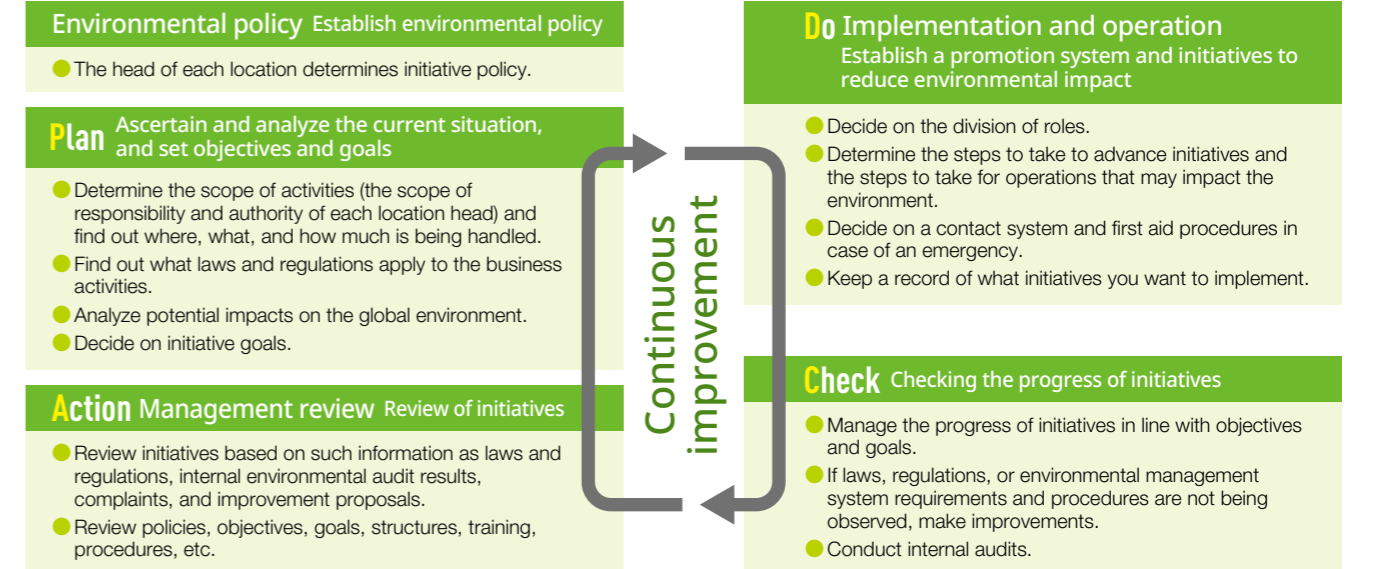
### Railway business dependence, and impact, upon nature

Analysis using ENCORE

Within scope of TCFD analysis				Outside scope of TCFD analysis			
Dependence		Impact		Dependence		Impact	
Adjustment		Climate change		Supply		Contamination	
Climate adjustment	Flood protection	Erosion protection	GHG emissions	Ground-water	Surface water	Non-GHG air pollution	Life hindrance
Medium	Medium	High	High	Medium	Medium	High	High

Note: Identified with the July 2024 updated version. Only identified results of "medium" or higher are listed.

### JR-West's ISO 14001-compliant environmental management system



### 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 climate change and nature-related risks and opportunities, along with measures to address them. Also, in meetings of the Global Environment Committee, we will also periodically deliberate on and monitor the content of the analysis and the state

of initiatives aimed at achieving environmental targets. 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.

With regard to water, which is the main natural capital related to our business activities, we have set a target for reduction of water usage per unit of consolidated sales, which indicates the efficiency of water use in our business activities, to 6.5 m<sup>3</sup>/million yen or less by fiscal 2026. Moving forward, we will continue to investigate what nature-related indicators and targets the Group should set, with reference to the disclosure indicators recommended by the TNFD.

The JR-West Group will contribute to the realization of a sustainable society by promoting efforts to reduce CO<sub>2</sub> emissions and protect natural capital.

# Global environment

## Qualitative analysis of climate change-related risks and opportunities

### Potential risks

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

Type	Risk to the company	Impact	Railways	Sales/food*	Hotels	SC*	Real estate	Measures
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 (5,000 yen/t-CO<sub>2</sub> as of Sept. 2024)</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 sustainable finance</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 that takes environmental values into account using internal carbon pricing (5,000 yen/t-CO<sub>2</sub> as of Sept. 2024)</li> <li>Use alternative fuels</li> <li>Study sustainable modes of transportation that are environmentally appropriate for the region</li> </ul>
	Failed investment due to errors in assessing environmental values		○	○	○	○	○	<ul style="list-style-type: none"> <li>Investment that takes environmental values into account using internal carbon pricing (5,000 yen/t-CO<sub>2</sub> as of Sept. 2024)</li> <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> </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>Use subsidy systems from the government and other organizations (ZEH support project of the Sustainable Open Innovation Initiative, etc.)</li> </ul>
	Increase in construction costs with the dissemination of ZEH and ZEB		○	○	○	○	○	<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>
	Growth of ethical consumption in society		○	○	○	○	○	<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>
	Decline in the environmental preeminence of railways due to the electrification of automobiles	Large	○	○	○	○	○	<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 environmental certifications, such as DBJ Green Building Certification (Development Bank of Japan) and CASBEE, and publicize these</li> <li>Create environmentally friendly standard specifications</li> <li>Incorporate new technologies in collaboration with installation contractors</li> <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)	Increased damage to railway facilities due to the increasing frequency of typhoons and floods	Large	○	○	○	○	○	<p><b>Initiatives mainly in the railway business</b></p> <p><b>Measures to prevent flooding of railway facilities</b></p> <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> <p><b>Weather disaster response system</b></p> <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> <p><b>Reinforcement measures of slopes on railway lines</b></p> <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> <p><b>Strengthening of railway track equipment</b></p> <ul style="list-style-type: none"> <li>Improve train operations' safety and durability by replacing old wooden sleeper sections with concrete ones</li> </ul> <p><b>Planned suspensions of operations</b></p> <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> <p><b>Emergency response training</b></p> <p><b>Initiatives common to all businesses</b></p> <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>
	More suspension of train operations and stoppage of business due to damage to railway facilities	Large	○	○	○	○	○	<ul style="list-style-type: none"> <li>Taking BCP into account, install emergency power generators at control centers in order to maintain function during power blackouts</li> <li>Establish in-house systems and methods to respond to power shortage warnings</li> <li>Deploy the N700S to the Tokaido and San'yo Shinkansen lines (its onboard battery-based self-propulsion system will allow us to help customers in the event of extended blackouts)</li> <li>Ensure that there are multiple channels in the supply chain for important items that have a significant effect on train operation and that a certain amount of inventory is maintained</li> </ul>
	Increased impact on trains due to power blackouts	Large	○	○	○	○	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> </ul>
	Material shortages due to disruptions in supplier logistics		○	○	○	○	○	<ul style="list-style-type: none"> <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> </ul>
	Increased damage insurance		○	○	○	○	○	<p><b>Measures to prevent heat stroke</b></p> <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> <p><b>Reconstruction of railway systems</b></p> <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>
	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		○	○	○	○	○	

### Potential opportunities

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

Type	Opportunities for the company	Impact	Railways	Sales/food*	Hotels	SC*	Real estate	Seizing opportunities
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> <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>
	Equipment updates making effective use of government support systems such as tax incentives		○	○	○	○	○	
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 (renewable diesel, 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>
	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 (ICOCA de Jisapo point program for staggered commuting)</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>
Products and services	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	○	○	○	○	○	<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>
Resilience	Wider use of electricity with net-zero CO <sub>2</sub> emissions through technological progress and reductions in pricingAcquisition of real estate that has low environmental impact and meets rental needs		○	○	○	○	○	<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 DBJ Green Building Certification (Development Bank of Japan) and CASBEE</li> </ul>
	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>
Resilience	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>

## Global environment

### Assumptions for quantitative impact of climate change-related 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 72.)

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
	Heightened costs accompanying the introduction of carbon pricing	IEA "World Energy Outlook 2023"	-	US\$ 140/t-CO <sub>2</sub> (2030, NZE scenario, developed countries) Exchange rate: US\$ 1 = ¥140
	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
	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
	Heightened costs accompanying the introduction of carbon pricing	-	+21 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
	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

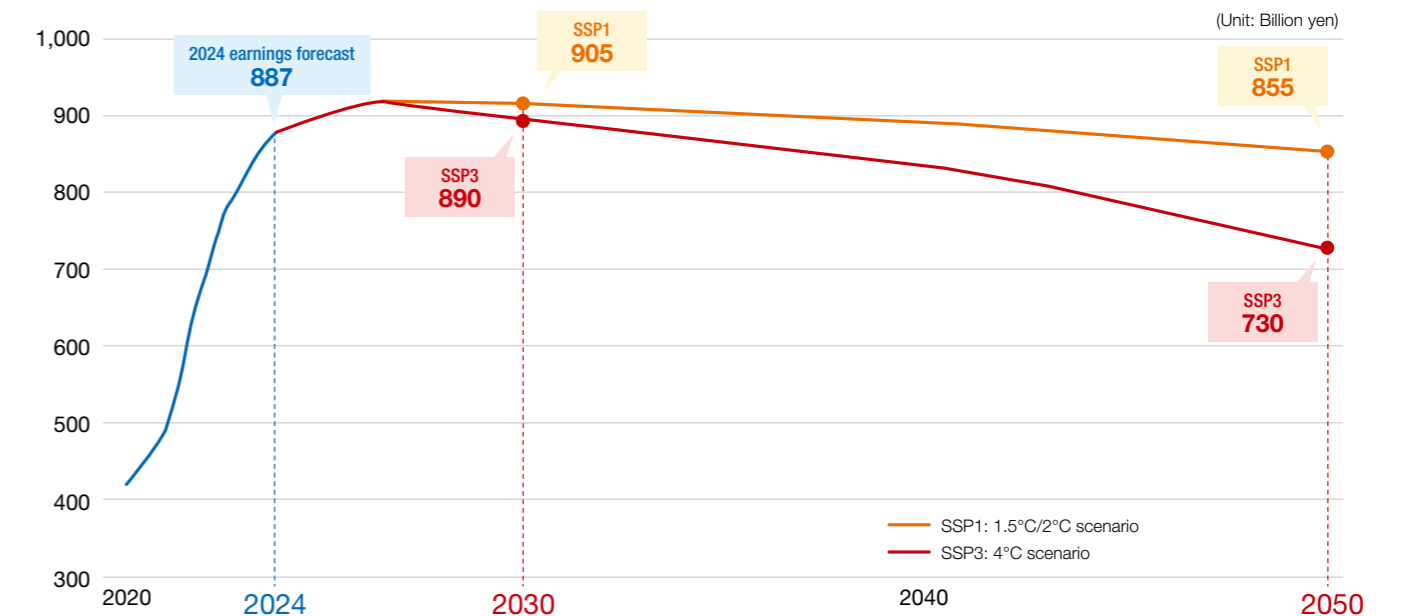
### Trial calculation of changes in rail transportation revenue

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 "Socioeconomic Projections of the Shared Socioeconomic Pathways (SSPs) Release 3.1," 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 after implementation of the JR-West Group Medium-Term Management Plan 2025. (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.



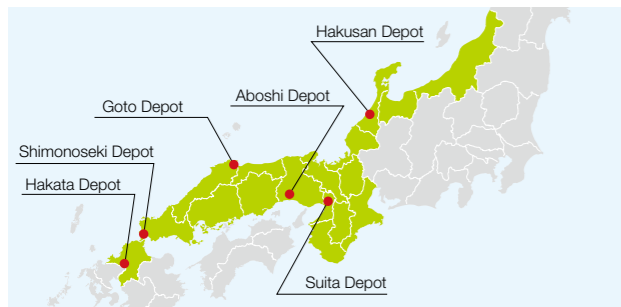
## Global environment

### Qualitative analysis of nature-related risks and opportunities



#### Analysis target

The JR-West Group focuses on its general depots, which are central locations with significant points of contact with natural capital, and conducts analysis and assessments in accordance with the LEAP approach advocated by the TNFD as an integrated approach to assessing nature-related issues. We have six general depots: Hakusan Depot (Hakusan, Ishikawa Prefecture), Hakata Depot (Nakagawa, Fukuoka Prefecture), Suita Depot (Suita, Osaka Prefecture), Aboshi Depot (Ibo, Hyogo Prefecture), Goto Depot (Yonago, Tottori Prefecture), and Shimonoseki Depot (Shimonoseki, Yamaguchi Prefecture). In carrying out regular inspections of railcars and large-scale improvements to trains, these depots remain aware of their dependence, and impact, upon natural capital.



#### Biodiversity-related risk assessment

Analysis using IBAT (number of applicable areas within a 3 km radius)

IUCN category*	Hakusan	Hakata	Suita	Aboshi	Goto	Shimonoseki
Ia Strict nature reserve	0	0	0	0	0	0
Ib Wilderness area	0	0	0	0	0	0
II National park	0	0	0	0	0	0
III Natural monument	0	0	0	0	0	0
IV Habitat/species management area	0	1	1	0	1	1
V Protected landscape/seascape	0	0	0	0	0	0
VI Protected areas with sustainable use of natural resources	1	0	0	0	1	1
Total number of applicable areas	1	1	1	0	2	2

\*Based on the IUCN's "Guidelines for Applying Protected Area Management Categories"

#### Dependence, and impact, upon nature

With regard to regular inspections, which are the main job of the general depots, we checked the actual conditions at the depots and used ENCORE to clarify their dependence, and impact, upon natural capital. We identified water, soil, air, and living things (animals) as natural capital related to operations.

##### Water

● Dependence: Large amounts of water are used in processes such as the washing of rolling stock and their parts during regular inspections and the supplying of water to rolling stock. Therefore, if water becomes unavailable, it may not be possible to carry out these tasks adequately. However, even in such cases, apart from some impact on service quality, there will be no problems with ensuring safety or train operations, and there will be no immediate impact on rail transportation revenue. We have also determined that the risk of water stress and water depletion is low in the areas where all of our general depots are located and that the likelihood of these risks materializing is low. At the same time, because water is a vital resource, we are using water resources efficiently, in preparation for the risk of water being unavailable, by raising awareness of water conservation through education, utilizing water recycling systems, and regularly monitoring water usage.

● Impact: At general depots, oil and grease are in the washing water effluent from rolling stock and their parts, as well as used in repair work, so there is a risk of water contamination due to improper handling. We work to reduce this risk by performing work in accordance with work manuals, as well as by conducting regular inspections and site visits and by monitoring usage.

##### Soil

● Impact: There is a risk of soil contamination due to improper handling of industrial waste or materials containing organic solvents, or due to oil spills during refueling. To address this risk, we have taken measures such as continuing education on how to handle industrial waste, conducting regular site visits, and managing usage. We are also working to reduce risk by using water-based paints, which have a lower environmental impact.

#### Analysis of regional characteristics

Scoping using the LEAP approach was used to assess water and biodiversity-related risks based on results considering operations at general depots.

##### Water-related risks

To assess water-related risks at general depots, we conducted an analysis using Aqueeduct. The results showed that, at all general depots, the risk level of water stress and water depletion for water resources, which are heavily relied upon in the regular inspection process, did not exceed "low to medium," thus we view the risk as being low. We will continue to recognize water as an important resource and promote daily water conservation practices, utilization of recycled water, and other actions.

#### Water-related risk assessment

Analysis using Aqueeduct

Water-related risk	Hakusan	Hakata	Suita	Aboshi	Goto	Shimonoseki
Water stress*	Low to medium	Low to medium	Low to medium	Low to medium	Low to medium	Low to medium
Water depletion**	Low to medium	Low	Low to medium	Low to medium	Low to medium	Low to medium

\* Water stress: Ratio of total water demand (consumptive and non-consumptive) to renewable surface and groundwater supplies

\*\* Water depletion: Ratio of total water demand (consumptive) to renewable surface and groundwater supplies

##### Biodiversity-related risks

To assess biodiversity-related risks at general depots, we conducted an analysis using IBAT\*. From the results, seven biological habitats and protected areas were identified within a 3 km radius of general depots. However, all of these were at IUCN category IV to VI levels, and no areas were designated as strict nature reserves, wilderness areas, national parks, or natural monuments.

\*IBAT (integrated biodiversity assessment tool): A TNFD presentation tool for biodiversity-related assessment developed by four organizations: BirdLife International, the World Conservation Monitoring Centre (WCRC), the International Union for Conservation of Nature (IUCN), and Conservation International.

##### Air

● Impact: There is a risk of air pollution due to improper disposal of volatile organic compounds (VOCs) used in painting. We are working to reduce this risk by properly installing and operating dust collection equipment and regularly monitoring and measuring emissions.

##### Living things (animals)

● Impact: The noise associated with work operations may have an impact on animals. With regard to biodiversity-related risks, although there are no areas within a 3 km radius of general depots that are categorized as IUCN categories Ia to III, we are working to reduce the burden on living things through strict operational management based on our environmental management system, the installation of soundproof fences, and noise monitoring.

#### Analysis of contact with nature at each stage of regular inspections

Regular inspection flow	Dependence		Impact		
	Water	Water	Soil	Air	Animals
Entrance/entrance inspection	-	-	-	-	-
Equipment and parts removal	-	-	-	-	-
Inspection and repair	Washing	Oil and organic solvent spillage	-	-	Noise from work
	Supplying water	Industrial waste scattering and spillage	-	-	
Painting	-	Wastewater	-	-	VOC emissions
	Boiler equipment drying	Organic solvent spillage	-	-	
Equipment and parts installation	-	-	-	-	-
Exit inspection/exit	Supplying water	-	-	-	-

#### Qualitative analysis of risks and opportunities

We analyzed risks and opportunities, and our actions in response to them, based on dependencies and impacts. The main risks identified were those related to water. We have been steadily addressing this issue through our environmental management system, and we will continue to conduct object- and policy-based measures, which include the thorough implementation of our environmental management system.

With regard to opportunities, we will pursue collaboration with local communities and undertake various energy conservation and recycling activities for the effective use of resources. We will also work to expand sales channels to companies outside the Group for products and services from group companies that help reduce environmental impact.

##### Risks

Type	Risks for JR-West	Response	
Physical risks	Chronic risks	Improper cleaning of railcars and parts due to depletion of water	<ul style="list-style-type: none"> <li>Raise awareness of, and practice, daily water conservation</li> <li>Save water through water usage monitoring</li> <li>Utilize recycled water</li> </ul>
	Policies	Stronger regulations on wastewater and other emissions from business activities	<ul style="list-style-type: none"> <li>Comply with relevant laws and regulations via thorough implementation of our environmental management system and implement measures to adapt to tighter regulations</li> <li>Respond with both object- and policy-based measures, such as maintenance and management of wastewater treatment equipment and water quality monitoring</li> </ul>
Transition risks	Reputation	Damage to company reputation as a result of negative impact of operations-related noise on neighboring residents and community	<ul style="list-style-type: none"> <li>Implement measures corresponding to the cause of noise, such as installing soundproof sheets or changing the work location</li> <li>Build relationships with local residents and the community, such as through collaboration in community service projects</li> </ul>
	Liability	Water and soil contamination caused by improper handling of waste and other materials	<ul style="list-style-type: none"> <li>Avoid risks of environmental pollution and reduce environmental impact via our ISO 14001-compliant environmental management system</li> <li>Conduct regular training and education aimed at ensuring proper handling of waste and other materials</li> <li>Establish a system for rapid response and communication in the event of contamination</li> </ul>

##### Opportunities

Type	Opportunities for JR-West	Seizing opportunities	
Business performance	Market	Progress in collaboration with local communities	<ul style="list-style-type: none"> <li>Collaborate with local communities, such as through partnership agreements</li> </ul>
	Resource efficiency	Progress in efficient use of water resources	<ul style="list-style-type: none"> <li>Raise awareness of, and practice, daily water conservation</li> <li>Save water through water usage monitoring</li> <li>Utilize recycled water</li> </ul>
		Progress in efficient use of resources other than water	<ul style="list-style-type: none"> <li>Recycle items and materials related to the operation of general depots                             <ul style="list-style-type: none"> <li>Railcar material waste</li> <li>Recyclable train waste such as bottles, cans, and PET bottles</li> <li>Wooden pallets</li> <li>Used cooking oil from employee cafeterias...etc.</li> </ul> </li> </ul>
Products and services	Popularization of low-environmental-impact products in response to growing societal demand for reduced environmental impact	<ul style="list-style-type: none"> <li>Use renewable diesel fuel on diesel trains</li> <li>Use environmentally friendly materials, such as low-VOC materials</li> </ul>	
	Expansion in sales of products and services that contribute to reducing environmental impact	<ul style="list-style-type: none"> <li>Expand sales channels to companies outside the Group (e.g., West Japan Railway Technia Co., Ltd. J-TREAT highly efficient wastewater purification equipment, West Japan Railway Technos Corporation renovation work based on existing trains, etc.)</li> </ul>	
Sustainability performance	Sustainable use of natural resources Ecosystem protection, restoration, and regeneration	Progress in collaboration with local communities	<ul style="list-style-type: none"> <li>Actively participate in cleanups and environmental conservation activities in collaboration with local communities</li> </ul>

#### Collaborating with the local community

Goto Depot in Yonago, Tottori Prefecture, participates in the cleanup of Lake Nakaumi, which is regularly conducted by the city of Yonago. Lake Nakaumi is registered as a Ramsar Convention wetland and is also a nationally designated wildlife sanctuary (special protection area). The JR-West Group will continue to actively participate in cleanups and other eco-friendly activities.





# Human resource strategy

## The JR-West Group's approach to human resource strategy

The JR-West Group believes that ensuring its human resource strategy closely tracks its business strategy will be even more important in light of changes in the surrounding business environment.

As we look to realize Our Purpose and the Long-Term Vision 2032, we've adopted a policy of further revitalizing the mobility service field, which centers on our railway operations and core efforts to improve their safety, while expanding the life design field.

The Group's human resources will play the lead role in addressing these challenges, and we will work to transition from a human resource portfolio characterized by a high

level of homogeneity centering on conventional and existing fields and existing skills to a human resource portfolio characterized by diversity by formulating and implementing a human resource strategy that closely tracks the Medium-Term Management Plan 2025.

We will transition to a portfolio made up of diverse human resources who embody the ability to adapt to and create change across the entire Group through this human resource strategy and thereby help realize the sustained growth of the Group while generating stable profits and achieving Our Purpose and the Long-Term Vision 2032.

### Basic concept of human resource strategy

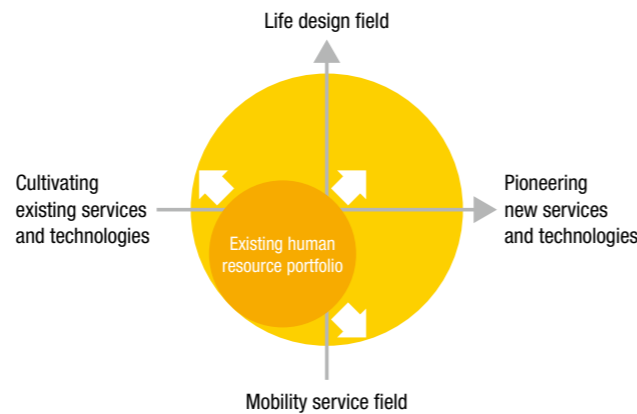
In addition to increasing quality of our businesses in the existing mobility service field, which centers on our railway operations, the Group's human resource strategy will guide efforts to effect a transition in our human resource portfolio so that we can pursue initiatives to expand the life design field as we embrace the challenge of growing into a corporate group capable of creating value in a sustained manner.

To effect this transition in our 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 will maximize and bring together the power of each employee. This will create a virtuous cycle in which employees and the company grow together and continue to meet the expectations of customers and shareholders.

### Transition in our human resource portfolio

To embrace the challenge of further revitalizing the mobility service field centering on our railway operations and expanding the life design field, we are moving from a portfolio of highly homogeneous human resources to a portfolio of diverse human resources.



### Towards a diverse human resource portfolio

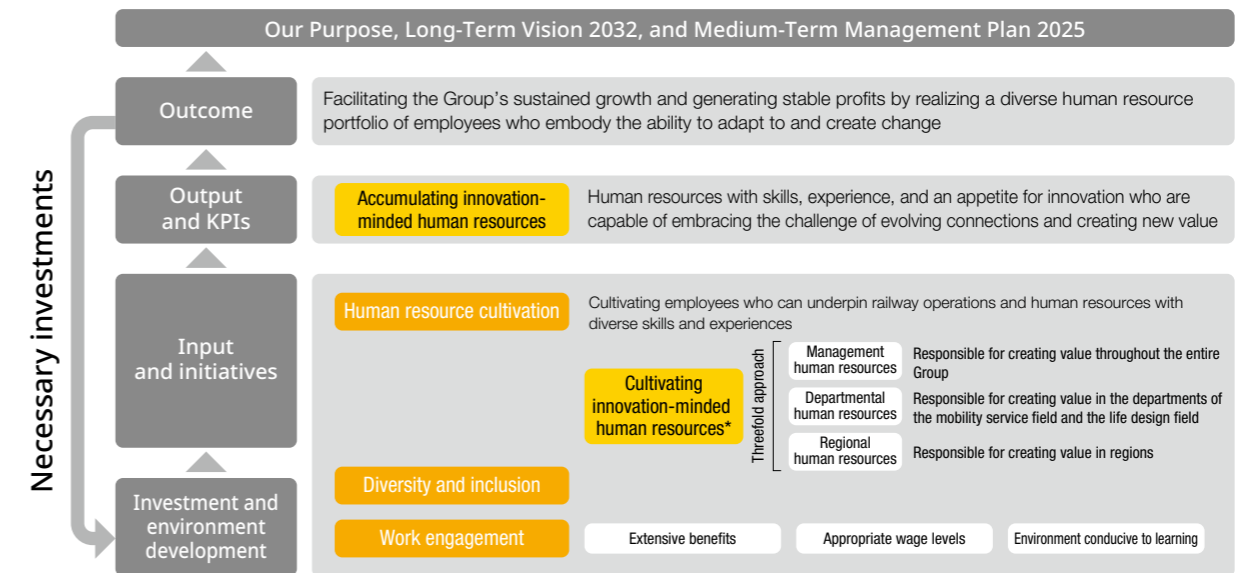
<b>Human resources to be cultivated</b>	Human resources who can take ownership of changes in society, autonomously <b>change themselves</b> to their ideal self, and <b>create new value</b> = Human resources who demonstrate <b>initiative</b> and <b>autonomy</b> and have diversity in skills and experience
<b>Organization to be built</b>	An organization that is unified as a group and creates new knowledge through diversity = A corporate group that demonstrates <b>synergy</b> and transforms <b>diverse</b> individualities into strengths
<b>Culture to be fostered</b>	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 <b>high level of work engagement</b> and a sense of growth

- Human resource cultivation
- Diversity and inclusion
- Work engagement

## Strategy for effecting a transition in our human resource portfolio

By pursuing three initiatives addressing human resource cultivation, diversity and inclusion, and work engagement, we will realize a diverse human resource portfolio and facilitate the Group's

sustained growth while generating stable profits. We will give rise to a virtuous cycle by investing those profits to put in place an environment conducive to human resource development.



\*The Group defines "innovation-minded human resources" as individuals with skills, experience, and an appetite for innovation who are capable of embracing the challenge of evolving connections and creating new value, and it considers the accumulation of innovation-minded human resources and candidates to be the enhancement of its human capital.

## Disclosing information related to human capital

### Governance

Under the leadership of the general manager of the Corporate Strategy Headquarters' HR Strategy Division, the HR Strategy Division is responsible for human capital-related strategy, referring for discussion and reporting matters concerning the human resource strategy and progress in its implementation to the Board of Directors.

Each department's human resource development administrator convenes a human resource development meeting and regularly monitors the status of efforts to cultivate innovation-minded human

resources.

We've created a Personnel Committee consisting of representative directors and the general manager of the HR Strategy Division with the goal of ensuring fairness and trust in human resource matters, particularly with regard to those innovation-minded human resources who are also management human resources. The committee studies and deliberates how to best realize human resource development and appropriate treatment.

### Risk management

Japan's working-age population is forecast to shrink in the future, and that trend may make it difficult for the Group to secure human resources for its business operations.

It will be essential to secure and cultivate the human resources needed to expand our business domains and embrace the challenges posed by new fields of endeavor as we work to realize the Long-Term Vision and other business strategies. The Group is working to ensure it can hire and retain human resources by expanding its hiring channels and implementing its human resource strategy.

### Specific actions

- Hiring more mid-career people
- Expanding reemployment
- Establishing a reemployment system for people aged 65 and older
- Establishing a joint application portal for the JR-West Group
- Securing digital specialists (establishing Trailblazer Inc.)
- Hiring foreign nationals

## Human resource strategy

### Human resource cultivation

#### Basic concept of human resource cultivation

The Group believes that employees' diverse skills and experiences will help realize a diverse human resource portfolio with the ability to create innovation and adapt to change. In addition to deepening the level of specialization in the mobility service and life design fields by offering employees

opportunities to develop their own careers autonomously, we will increase diversity of skills and experiences through work experience in responsible positions and through the experience of creating new value in concert with other departments.

#### Progress in KPIs related to human resource cultivation

Initiatives	KPIs (related outcomes)	INPUT / OUTPUT		OUTCOME
		FY2024 results	FY2028 KPIs	
Human resource cultivation	Number of users of various systems to support career development (1)	3,099	2,880	Develop independence and autonomy to plan their own careers (1) Broaden diversity of skills and experiences (2) Deepen specialization in regions and systems (3)
	Proportion of candidates for management positions who have multiple areas of specialization (2)	48%	30%	
	Next-generation senior management human resource reserve ratio Among them, the proportion of those who have skills related to businesses that are not linked to mobility (2)	211% 30%	400% 40%	
	Number of next-generation regional human resources Number of employees preparing to serve as next-generation regional human resources (3)	—	30 60	

#### Evaluating KPIs

In fiscal 2024, we achieved generally steady results. In particular, the number of employees who utilized programs that support career development significantly exceeded the target as a result of efforts to expand support for employees seeking to earn qualifications and the launch of the Innovation Creation Program in fiscal 2024. Instead of resting on our laurels, we will continue to work to improve performance while assessing use of these programs in an effort to increase employees' desire to shape their careers on an ongoing basis. In addition, we have been undertaking new initiatives, such as introducing online learning in August 2024.

Moreover, 48% of candidates for management positions have multiple areas of specialization, exceeding the KPI of 30%. One reason for this is that those candidates are older than other employees. Going forward, as we work to increase the number of young candidates for management positions, we

will achieve the KPI by assigning human resources strategically so that they can become specialized in multiple areas early on in their careers.

With regard to the next-generation senior management human resource reserve ratio, we will monitor the status of efforts to cultivate such candidates while holding human resource development meetings\* and cultivate human resources with diverse skills and experiences.

\*Human resource development meetings  
We hold these meetings regularly with human resource development administrators to assess efforts to train innovation-minded human resources. In addition to allowing those administrators and others to monitor the development of the individual employees in question, these meetings are used to review which skills and experience employees are expected to acquire next.

#### Cultivating human resources to underpin railway operations

We believe that cultivating human resources to underpin field operations in our railway business serves as the basis for safe, stable operations in the future, making this an extremely important priority.

We support the growth of each employee through on-the-job training (OJT), which helps them gain knowledge and skills in the workplace through everyday work. This is complemented by group training at our staff training center and other facilities and self-study like online learning.

In addition, we're pursuing initiatives based on our education plan so that we can continue to cultivate employees with the necessary skill levels and thereby ensure our railway business will continue to operate going forward. Specifically, we define practical skill standards that set forth skills and abilities needed to perform the responsibilities of each occupation and level, visualize individual employees' status, and offer OJT and group training to suit those needs.

#### Expanding opportunities for self-motivated career development

We believe combining employees' diverse knowledge and experience leads to innovation and a greater ability to adapt 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 a 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 actions

- Expanding career choice opportunities through open position recruitment
- Expanding the off-the-job training menu and support to acquire qualifications
- Encouraging side jobs through the sub-career system
- Providing support for new business creation and commercialization opportunities through the Innovation Creation Program
- Introducing online learning for use by all employees
- Offering domestic and international study and overseas internships

#### Career development program

In fiscal 2024, we introduced a career development program with the goal of cultivating management human resources, a subcategory of innovation-minded human resources who are responsible for creating value across the entire Group, on an ongoing basis and supporting individual employees' autonomous career development so that they can continue to grow in a diverse range of fields.

Specific initiatives in the program are geared to foster an ability to adapt to and create change on the part of candidates for selection as management human resources, for selection as management human resources, including (1) job rotation designed to offer multiple organizational experiences and multiple areas of specialization that are important from a

strategic standpoint and (2) support for gaining business literacy so that candidates can gain more areas of specialization.

We've defined seven areas of specialization that need to be mastered by candidates for selection as management human resources based on the officer skills matrix: management and finance, governance, systematic technologies, safety, marketing, digital innovation, and coexistence with local communities and city development. We work to foster these skills systematically through assignment of candidates to responsible positions so that they can gain multiple areas of specialization and through the acquisition of skills through various types of training, support to help candidates earn qualifications, and other off-the-job training.

#### Autonomous career development

To systematically master knowledge related to administrative accounting, language study, and corporate management, which I've had difficulty acquiring during my career until now, I chose to use the career development leave program so that I could earn some related qualifications. While on leave, in addition to studying the necessary specialized knowledge, I was able to support the job of my wife, who works in a different field, by giving priority to childcare and household chores. As a

result, I was able not only to lay the foundation for broadening my career by earning qualifications, but also to trace out a more specific vision for my future.

Now that I've returned to my job, I'm involved with operation of the WESTER Mall, which launched in April, and I'm working to place that business on a successful trajectory as soon as possible. I hope to master new specialized knowledge myself by making use of what I learned while on leave to help grow the business.



Digital Solution Headquarters  
**Yuuki Takeuchi**

## Human resource strategy

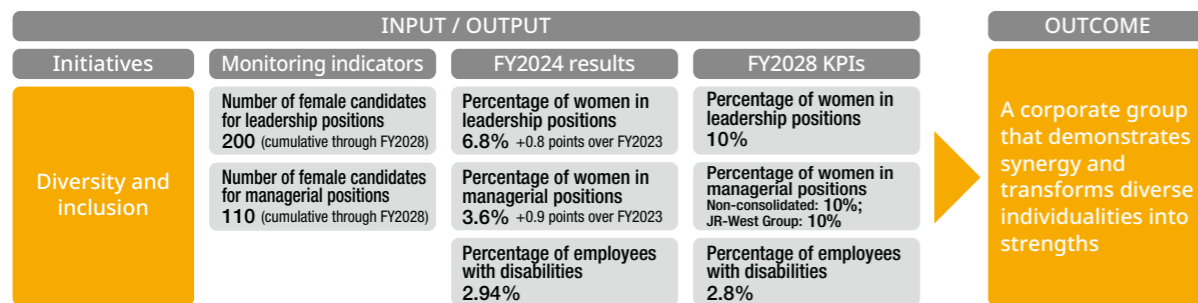
### Diversity and inclusion

#### 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 communicated a message from top management on

promoting diversity in September 2023; accelerated our efforts to promote gender equality, help employees balance their job and family responsibilities, and hire human resources with diverse experience; and worked to transition to a portfolio made up of diverse human resources.

#### Progress toward achieving KPIs related to diversity and inclusion



Note: JR-West, non-consolidated (excluding percentage of women in managerial positions [JR-West Group]). Percentage of women in leadership/managerial positions (JR-West non-consolidated) includes employees seconded from other companies and others.

#### Evaluating KPIs

Despite issues that are specific to the railway business (overnight, nighttime, and weekend and holiday work), efforts such as reviewing career planning to enable employees to balance life events with career development and implementing a mentor program are driving steady growth in the percentage of women in leadership and managerial positions.

We've set new targets for the number of female candidates for

leadership and managerial positions, and we will continue to cultivate such employees in a systematic manner while assessing the status of individual candidates.

In addition, we've added the percentage of women in managerial positions across the entire Group as a new KPI, and we will continue to pursue gender equality.

#### Gender equality initiatives

We've identified gender equality as a key component of our diversity initiatives, and we've worked from the standpoint of support for growth, environment development, and career development to ensure that women can chart their own careers.

#### Providing opportunities for growth

We offer a mentor program for female candidates for managerial positions and hold motivational sessions and round-table talks with role models for such candidates.

#### Putting in place an environment for expanding scope of work

We've put in place an environment conducive to gender equality for all positions by improving facilities, revising programs, and other efforts.

#### Building careers that draw on experience

After building a career in the construction department as a supervisor for station renovations and elevated rail projects and taking childcare leave, I took on the Umekita Development Project, where I was involved in every stage of the underground station's development, from planning to its opening.

The mentor program when I was promoted to manager and networking with outside female civil engineers allowed me to rediscover the appeal of the railway business through the fresh perspectives of executives and external experts. This experience has played a significant role in my own career development and has been useful when younger colleagues seek my advice.

Currently I'm working on improving regional public transportation, a major issue. My mission is to create the best system possible for a variety of stakeholders through discussion, and I feel that I'm able to draw on my past experience to do so.

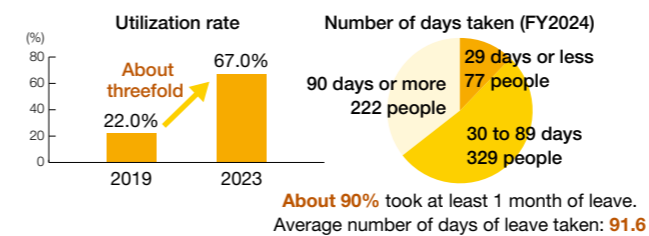


Seconded to JR-West Japan Consultants Company (formerly from the Osaka Construction Office)  
**Naoko Fukase**

#### Creating an environment that lets employees balance work and family responsibilities

We're putting in place an environment that includes work programs, health support, and other tools to help employees balance work with parenting, caring for family members, and other responsibilities. By holding support meetings on combining parenting with work to confirm the intentions of employees who have recently had a newborn child, we're helping increase the percentage of men who take paternity leave.

#### Percentage of male employees utilizing paternity leave and number of days of leave taken



#### Balancing work and childcare lets me work efficiently

I took about one month of leave when I was working as an assistant manager. It was my first time to experience raising a child, and I think I was able to grow as a parent while making mistakes and learning from them. To balance work and childcare,



Osaka Electric Construction Office  
**Yuichi Hiromatsu**

it's essential to be able to get things done in a limited amount of time, and I gained a newfound ability to make progress on work, including with subordinates, and to manage time more skillfully.

Today, I'm working to help realize a workplace environment that makes it easy to balance competing responsibilities by, for example, offering advice to younger employees as a paternity leave advisor.

#### Creating an environment where diverse human resources can flourish professionally

We've accepted employees seconded from inside and outside the Group, hired foreign nationals, and taken other steps to secure a source for creating value in order to improve the quality of our businesses in

existing fields and embracing challenges in new ones. We made 729 mid-career hires in fiscal 2025, and we're working to create an environment where diverse human resources can flourish professionally.

#### Building new customer experiences through outside knowledge

The environment in which train stations operate is changing dramatically as a result of diversification of customer needs and development of new technologies. This fiscal year, we accepted four seconded employees from the travel and airline industries, in addition to JR employees, as a way to bring diversity to a project dedicated to building systems to facilitate sustainable station operations. We're continuing discussions as we grapple with customer feedback so that we can create value in a way that goes beyond conventional approaches.

We're aiming to secure new levels of customer loyalty by taking advantage of knowledge and customer service experience from various industries so that we can think and act in a way that meets customer expectations.



Project Team, Station Operations Department, Kansai Regional Head Office

#### Bringing Japanese railroad technologies to the world

After gaining experience as a station employee and conductor, I'm currently involved in globalizing our rail operations. I'm responsible for coordinating new-project research and collaborative businesses, a role that allows me to take advantage



Innovation Department, International Business Office  
**Leslie Mondano**

of perspectives I've developed through diverse cultures and environments to smoothly facilitate international projects.

In the future, I look forward to spreading Japan's railroad technologies to the world in order to improve the quality and convenience of railroad infrastructure in developing nations while helping provide sustained value to JR-West stakeholders.

#### We're working to ensure diverse human resources can flourish professionally, including by hiring and empowering people with disabilities and promoting understanding of LGBTQ+ issues.

#### Hiring disabled employees and helping them contribute

We are hiring employees with disabilities throughout the Group, centered on special subsidiary JR-West Iwili Co., Ltd.

About 190 employees with disabilities at the company work in various fields, including printing, business support, massage, cleaning, and weeding. The company is also actively pursuing new business ventures to further expand employment opportunities.



#### Promoting understanding of LGBTQ+ issues

We've put in place an environment conducive to understanding of LGBTQ+ issues by taking steps such as formulating a basic policy, raising awareness through education and other programs, and implementing a same-sex partnership program that treats same-sex partners in the same way as spouses.

We're working to increase the number of people at the company who understand these issues (i.e., allies) through event participation, in-house public relations, and distribution of stickers.



# Human resource strategy

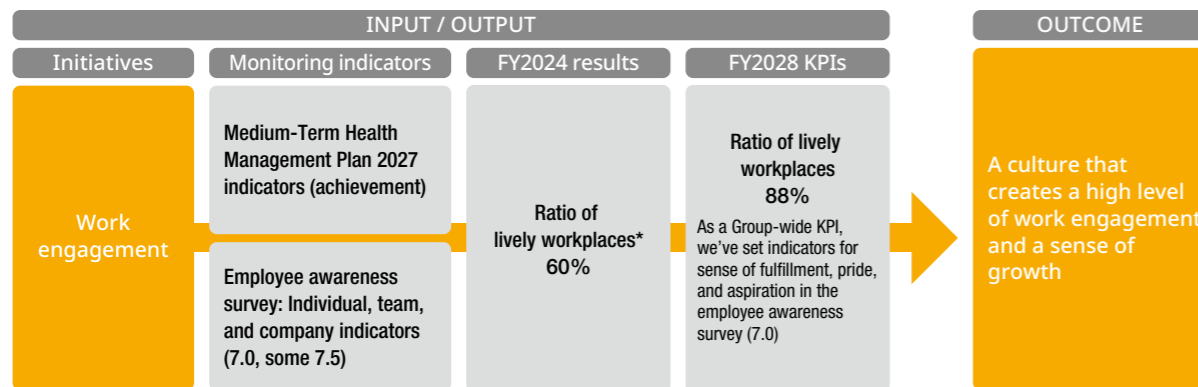
## Work engagement

### 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 are fostering and establishing an organizational culture in which Our Purpose, which defines our common values, is

shared throughout the company. This allows employees to do their job in an engaged and energetic manner while charting their own ideal career through work, enabling them to experience growth with a high level of work engagement.



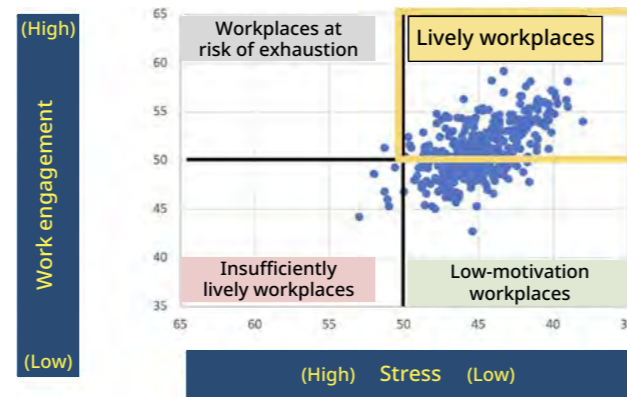
\*A “lively workplace” is a workplace that has been evaluated through a stress check as having low stress with a high level of work engagement.

### Evaluating KPIs

We use the results of an annual stress check to assess the ratio of lively workplaces. For fiscal 2024, that ratio was 60%. While the stress deviation score generally has been improving, the work engagement deviation score, which has been flat, has been identified as a problem.

Recognizing the need for management that supports individual employees based on their assigned responsibilities and their own career vision, we've redoubled our efforts to optimize workload, support career development, and create an organizational culture that makes it easy to seek advice from supervisors and others.

FY2024 survey results



### Medium-Term Health Management Plan 2027

Taking advantage of the fact that we operate our own healthcare facilities, we've identified a total of 10 goals related to promoting physical and mental health. These include preventing illness and improving lifestyle habits as well as items related to female employees' health.

10 goals for health management to promote vibrant work



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

In addition to measuring work engagement by regularly administering a lively workplace creation questionnaire, we encourage all workplaces to practice the PDCA cycle in an autonomous manner by providing feedback on measurement results.

### Empowering female employees and improving their health

We're working to resolve issues company-wide based on the results of our lively workplace creation questionnaire. Female employees exhibit lower levels of work engagement than their male counterparts. To address this issue and empower female employees, we're putting in place an environment that will allow them to continue to advance in their careers without falling into a “mommy track” by creating new development programs that let them gain experience as they navigate life events.

In addition to introducing an app (as a femtech service) that makes it easy for female employees to seek advice about health issues unique to women, we're working to boost literacy concerning such issues by holding training sessions led by experts for both male and female employees.

#### Femtech service

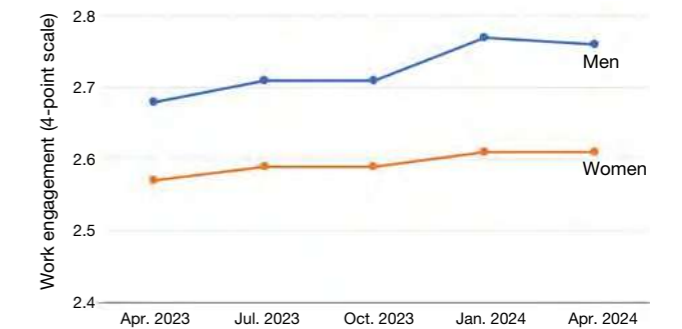


### Third-party evaluations

We've received high marks for our human resource development mechanisms from a variety of outside organizations.



Lively workplace creation questionnaire results, by gender



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

I've helped female employees deal with various worries and concerns for about 10 years as a health nurse. JR-West's diverse and varied work arrangements can make it difficult for women to continue to work over the long term.

I'm working in my own small way to take various steps to help create an environment that eliminates the worries and concerns of all female employees so that they can flourish professionally in the future.



Health nurse, Health Promotion Center  
**Yuuko Matsuura**

## 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 1,900 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. As the project marks its fourth year, we’re working gradually to switch gears from spreading digital tools to ensuring they generate results. This effort is also calibrated to improve motivation on the part of employees engaged in work reforms (by further enriching their experiences).

We administer regular questionnaires and analyze usage log data to visualize reforms.

- Employee perceptions of operational reforms: **44%**
- Hours gained by utilizing digital tools and reviewing operational processes (Head Office): **16.9 hours/month**



Work Smile Collection (internal event to celebrate employees who have achieved results through evangelist activities and in-house development)

### Putting in place a productive work environment

We’re putting in place an environment that connects all employees through digital technologies by lending PCs and smart devices to all workers, including in front-office departments. In this way, we’re working to activate communication, improve operational efficiency, and speed decision-making throughout the organization.

### Using smart devices to streamline inspection work

Our machinery teams maintain and manage automated ticket gates, elevators, platform gates, and other assets. To streamline inspections of equipment before times of heavy passenger utilization, which is part of the maintenance management process, we make use of smart devices and an app created by my own workplace.

Although we used to keep inspection records on paper, we developed an app ourselves that consolidates the entire workflow, including creating and viewing reports and reviewing



Kyoto Machinery Team, Kansai Regional Head Office  
**Naruto Kawasaki**

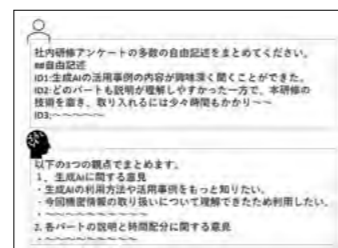
accumulated results. By using this app to carry out inspection work, we’ve been able to more reliably practice the PDCA cycle for maintenance management. This app has streamlined operations in my own workplace, and it is being used in other workplaces. I feel that it’s also contributed to my own growth.

### Initiatives related to generative AI

We’re working to improve employees’ ability to effectively utilize generative AI in a secure manner by making a general-purpose generative AI chatbot app available to employees on a test basis and offering training to all employees. In addition, we’re working to create additional effects through both education and the development of a suitable environment, including by making available a collection of sample prompts\* created based on JR-West operations.

Furthermore, we’re using a large amount of unique railway data that we hadn’t been able to use in the past and embracing multiple challenges to ensure that railway skills can be passed down, including by hosting internal contests on applying generative AI technologies to railway operations and verifying potential solutions. We’re seeing a certain level of results, and going forward we will work to improve our ability to adapt to change by undertaking a broad, ongoing program of initiatives, including to unearth new themes.

\*Prompt: An instruction for generative AI.



## News

### In-house development (by Power Platform\*)

In an effort to push forward operational reforms grounded in site operations, we’ve been encouraging in-house development of automated workflows and applications by employees since 2022. A voluntary community of citizen developers has engaged in lively sharing of self-made apps and knowledge, allowing individuals to implement operational reforms that transcend the organization.

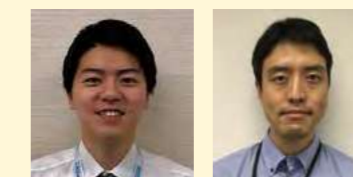
In fiscal 2025, we began hosting talks at branch companies in an effort to broaden the base of pro-citizen developers.

- Community participants: **1,702**
  - Pro-citizen developers: **421**
- (Both figures current as of August 31, 2024)

\*Microsoft Power Platform

### Creating an app to facilitate connections at Tsuruga Station

With the opening of the Hokuriku Shinkansen extension to Tsuruga, the number of passengers changing trains at Tsuruga Station has surged to as many as 800 at a time, creating the need for a range of measures to assist customers during train delays, beyond



Transport Section, Kanazawa Branch (formerly Kanazawa Shinkansen General Control Center)  
**Naoki Kitagaki**



Transport Control, Kanazawa Branch  
**Hiroya Hashino**

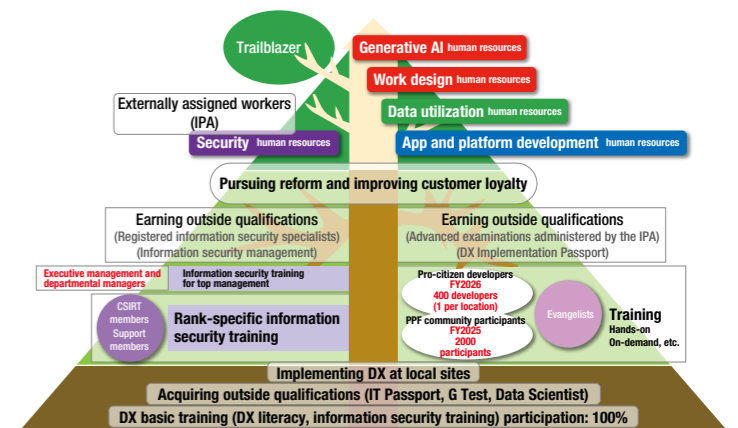
merely delaying departures. As a result, we’ve undertaken a fundamental reform by switching from traditional staff coordination via phone and radio to a post-processing framework (PPF) app. This process involved a series of detailed, advance meetings to ensure that the new app could be used smoothly by as many employees as possible, transcending geographic areas and departments.

We were able to smoothly adapt the app for use in other locations by designing as simple an app structure as possible. We had difficulty setting up permissions for a single database, but we were able to share information about train delays widely by having employees view multiple apps simultaneously.

### Digital human resource system and education

To become a corporate group that can adapt to and create change, we’ve been working to cultivate digital human resources and to improve all employees’ literacy (skills).

We also launched an on-demand learning environment for interested employees in August 2024 in an effort to encourage autonomous improvement of digital transformation (DX) implementation skills.



### Securing digital human resources

We actively engage in mid-career hiring to gain employees who can make an immediate contribution to our ongoing implementation of digital measures. Furthermore, we established Trailblazer Inc. in October 2023 as a subsidiary responsible for

hiring and cultivating sophisticated digital human resources in the face of a society-wide shortage of such personnel. The JR-West Group is accelerating its implementation of digital measures by assigning these individuals to various projects.

### Comment from a mid-career hire

I joined the company as a mid-career hire in October 2023. I chose JR-West because I wanted to do things only possible at a company with such a wealth of resources. I currently work in the WESTER-X Business Division, where I promote points-related measures for the WESTER app. Recently, I have been part of large WESTER points projects and worked on things like points accumulation

and fixing errors on the app. I have also tried to use previous work experience to think flexibly in improving work processes in areas such as task management.

My colleagues hold a diverse range of values, and I look forward to working with them in helping lay the groundwork for growing WESTER into something much bigger.



WESTER-X Business Division  
**Mao Bando**

# Message from the CFO



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

## Update to the Medium-Term Management Plan

In April 2024, we updated the Medium-Term Management Plan 2025. Among the key performance indicators (KPIs) for fiscal 2026 is an EBITDA (which reflects cash flow generation capacity) of 370 billion yen, a target that would exceed pre-pandemic levels. Our ROE target has been revised about 10% upwards. By tapping cash from our robust recovery from the pandemic to improve safety, growth, and our ability to adapt to and create change, which together comprise the future foundation of our business, the plan seeks to foster the creation of economic and social value along with a virtuous cycle of value creation.

## Portfolio strategy and resource allocation

Our portfolio strategy for achieving growth plays out around four axes. The first is our mobility services business, which centers on our core railway business. The most important basis for the entire Group is railway safety and the customer trust that comes from it. The update to the plan adds 100 billion yen in safety-focused maintenance and replacement investments over five years. This doesn't mean we've allocated funds to safety investments because profits have surged. Rather, it means we've revised safety investments themselves based on a determination that we need to accelerate our approach to earthquake resilience and labor shortages based on recent

environmental changes and our view of the future. In addition to utilizing sensors, AI, and robots to boost labor productivity and pursuing partnerships with other rail operators, for example to develop self-driving capability for Shinkansen trains and study railcar parts sharing with a view towards ensuring the sustainability of railways, we will participate in discussions about how to realize optimal regional transport systems, among other initiatives. In addition, we're undertaking a variety of measures to increase profits, including by capturing significant growth through inbound tourism, launching Hokuriku Shinkansen service to Tsuruga, implementing pricing strategies based on data marketing, and maximizing the effects of events like Expo 2025. To that end, we will allocate investments to railcars, systems, and other necessities.

The second axis, real estate and city development, lies at the heart of the life design field, which generated stable profits even during the pandemic. The update adds 110 billion yen in growth investments centering on this field over five years. We will pursue purchasing and development in districts surrounding stations and other areas as we work to connect people, communities, and society and pursue city planning that stirs hearts while increasing group synergies from the standpoint of marketing. July 2024 saw an expansion at Osaka Station City with the opening of JP Tower, The Osaka Station Hotel, and Inogate Osaka on the west side of Osaka Station. Through content that stirs the heart and walkable city planning, we're working to maximize the appeal of the city center, including in the adjacent phase 2 area of Umekita. To that end we will make a total investment of 100 billion yen, which we expect to yield an EBITDA of 9 billion yen several years after opening. Going forward, there are other city development projects in the pipeline, including Umekita Green Place and Minamoa Hiroshima Station Building, which are scheduled to open in spring 2025; other sites in Mukomachi and Nishi-Akashi; and a development in Sannomiya, which we expect to open in fiscal 2030. Beyond station buildings, we will utilize outside

investments, for example by means of funds, private-placement REITs, and other vehicles, as we periodically review all properties in our portfolio and switch them out in an effort to diversify risk and balance profitability. Although real estate and city development projects are characterized by lengthy investments and time horizons before benefits can be realized, we will work to increase stable profits in such projects, which comprise the heart of the life design field by pursuing increased value, including through outside investments, and strengthening associated capabilities.

The third axis is digital strategy. Group synergies around WESTER ID, the Group's shared ID program, are steadily growing. We already have 9 million WESTER members (as of September 30, 2024). We will leverage Wesmol, a code-based payment service we plan to launch in spring 2025, to expand the WESTER experience rooted in real-world service and touch point strengths, including an enormous customer base centered on our railway business and underutilized assets. We will expand the WESTER economic sphere beyond the Group and boost its appeal by introducing a payment service that attracts a broader range of customers and businesses as our third payment service, after ICOCA and J-West Card, which benefit from key strengths. In addition, we will boost loyalty within that economic sphere while understanding individual customers and utilizing data marketing that draws them in so that we can increase overall partner revenue within the sphere and increase profit from our payment business. For the time being there will be the initial cost of building the system and point expenses, but we will grow this business into a next-stage driver of growth second only to real estate.

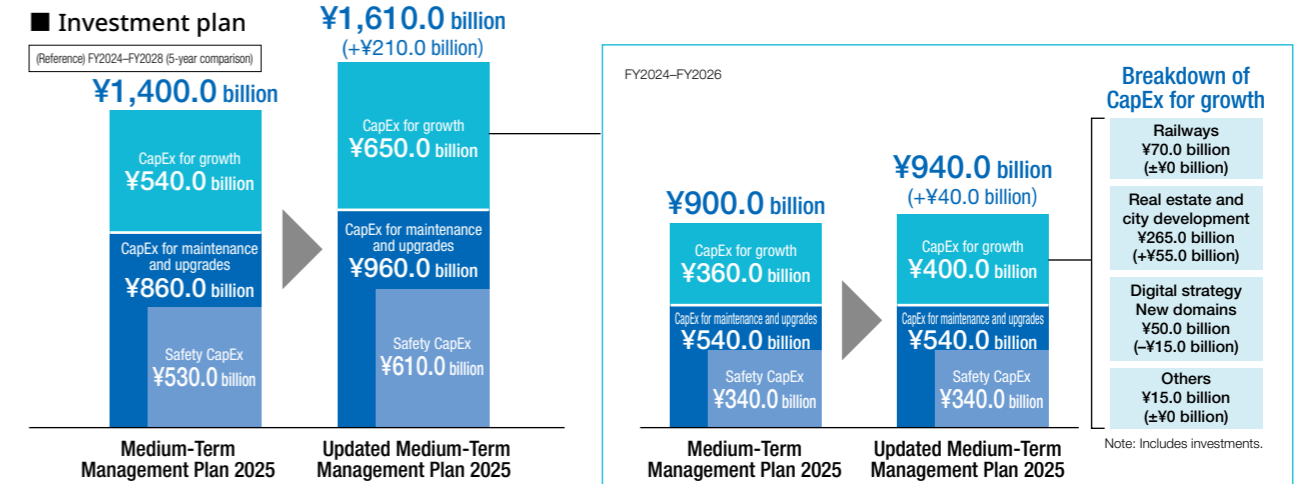
The fourth axis, which is focused on the next stage, is a new business domain that includes JCLaaS (our comprehensive infrastructure management business) and other offerings. We're currently working to give shape to JCLaaS, which was selected this July to participate in the private-sector proposal-based government and private sector partnership modeling program

### Financial targets (financial KPIs)

	FY2024 (results)	FY2026 Medium-Term Management Plan financial targets*1	FY2028 Target level (reference)*2
Ability to generate profits	Consolidated operating income	¥179.7 billion	¥185.0 billion (¥150.0 billion yen)
	EBITDA	¥343.0 billion	¥370.0 billion (¥340.0 billion)
	(Reference) Transportation revenues	¥840.5 billion	¥905.0 billion (¥860.0 billion)
	Cost structure reform	-¥36.0 billion	-¥40.0 billion
Management efficiency	Consolidated ROA	4.8%	Approx. 5% (Approx. 4%)
	Consolidated ROE	9.2%	Approx. 10% (Approx. 8%)
Financial discipline	Net interest-bearing debt/EBITDA	3.9x	Approx. 4x (5x or less)
Business composition	Ratio of life design field to operating income	25%	Approx. 25% (Approx. 35%)

\*1 The plan does not include increased transport revenue associated with Expo 2025.  
\*2 Figures in parentheses indicate targets under Medium-Term Management Plan 2025.

### Investment plan



( ): Change from initial plan

## Message from the CFO

under the Ministry of Land, Infrastructure, Transport and Tourism, and we're studying new approaches to bridge management with the city of Hiroshima. Our Virtual Osaka Station in the metaverse has attracted more than 20 million visitors and is becoming one of Japan's leading metaverse portals. We're also expanding our solutions business, which provides a range of solutions that have grown out of our railway and data marketing operations for use in solving issues faced by other businesses. We will plant a variety of seeds and use them to foster monetization and human resources development through a trial-and-error approach to investment allocation while utilizing methods such as phase-gate project management. We're refining our schedule to invest and spend 50 billion yen over three years on third- and fourth-axis projects, and the update leaves our five-year 130 billion yen budget unchanged as we look to create a robust foundation for future profit.

Turning to our approach for revamping our business portfolio, we're regularly reviewing and studying our options from the standpoint of considerations like the percentage of life design businesses, including with consideration of links to mobility and risk diversification as well as businesses involving synergies with other businesses and their effects, the growth potential of individual businesses, and contribution to increasing corporate value through invested capital and capital efficiency (the ROIC-WACC spread), all while treating our railway business as a core business. We also recognize that enhancing the level of disclosure regarding the structure of our portfolio is a matter of high expectation in the capital markets, and we are actively working to make improvements in this area.

### Improving our ability to adapt to and create change through human capital management

Under Our Purpose, Long-Term Vision 2032, and the Medium-Term Management Plan 2025 update, initiatives dedicated to improving our ability to adapt to and create change underpin value creation. Our ability to adapt to and create change are made possible by human resources (human capital), mechanisms that encourage challenge-taking and collaboration, and the organizational culture that underpins them. The update to the plan envisions allocating major additional investments to these intangible assets. Our human resources strategy is linked to our business strategy and conceived to foster the formation of a human resources portfolio that complements our future business portfolio. To that end, we need both specialized human resources and innovation-minded human resources in all fields, including railways, and we're hiring highly specialized human resources with extensive experience. The update allocates investments in an effort to secure surplus human capital to pursue challenges, improve diversity, fund experiments to enable technological development and creativity, and underwrite collaboration with a variety of partners, including startups.

At the same time, initiatives from the dual standpoints of the company and employees are also important. Employees grow when they think for themselves, embrace challenges, and collaborate with diverse teams to generate results. When the company provides support with programs, mechanisms, and environment-building, employee motivation also increases. In addition to education and training focusing on self-development, the update to the plan allocates resources for deployment of groupware and generative AI to reform workstyles, improvements to the communications environment, and improvements to the office environment. By supporting the flat sharing of information and interactive collaboration with offices and tools, we will provide workspaces that are conducive to broad-based employee growth.



### Financial strategy and cost of capital controls

The update to the plan includes share buybacks worth a total of 100 billion yen (anticipated), including 50 billion yen during fiscal 2025 and another 50 billion yen (anticipated) during fiscal 2026 and fiscal 2027 based on progress towards achieving the plan's goals, with all buybacks to be informed by the results of dialogue with shareholders and investors following the public offering. These decisions are based on (1) the goal of returning EPS to pre-pandemic levels and, as described in last year's Integrated Report, (2) an effort to realize cost of capital controls while securing an appropriate level of financial soundness for an infrastructure company (defined by the plan as net interest-bearing debt/EBITDA ratio of 4.0). As a result, the update to the plan envisions a recovery in ROE to about 10% and EPS of greater than 240 yen in fiscal 2026.

Although the company calculates the cost of equity as about 6% based on CAPM and the price-earnings ratio, we recognize that the figure, which has risen above 7% at present as a result of a higher risk premium for the railway business due to the pandemic and inflation against the backdrop of ongoing dialogue with shareholders and investors, is weighing on the stock price. The company wishes to see the government revamp the fare structure to better accommodate inflation so

that it can boost the continuity of its railway business by achieving a virtuous cycle of growth and wage increases. In addition, we will pursue structural reforms in the railway business and rebuild our portfolio to give greater weight to the life design field and increase accountability. Through these efforts, we will work to lower the cost of shareholder equity.

Our approach to keeping WACC (weighted average cost of capital) between 3% and 4% over the medium and long term remains unchanged. The Board of Directors regularly discusses what it means to have a higher level of financial soundness and an optimal capital structure based on medium- and long-term changes in the portfolio while continuing dialogue with capital markets. We will review our approach as necessary.

We will work to improve EPS and ROE through both our portfolio strategy and cost of capital controls.

### Message to shareholders

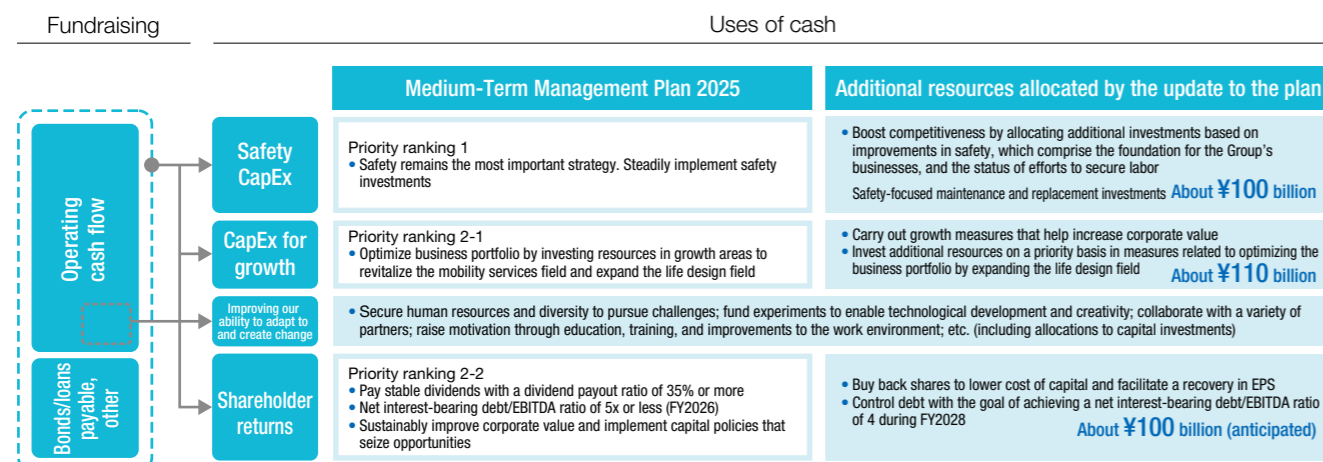
The cycle embodied by our value creation model, which creates both economic and social value, has just begun. We will continue to work to improve value for various stakeholders.

With regard to returning profits to shareholders, we've committed to a dividend payout ratio of at least 35%. We will work to increase shareholder value per share by improving EPS and ROE through previously announced initiatives.

We will also deepen the commitment of management to dialogue with shareholders and investors, myself included. We plan to implement a continuous cycle so that we can bring this dialogue, including critical views, to bear on the future management of the company.

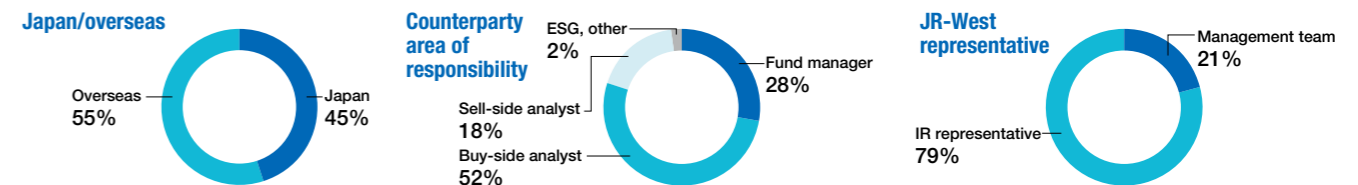
Going forward, the Group will do its utmost to realize Our Purpose, the Long-Term Vision, and the Medium-Term Management Plan 2025.

### Cash allocation



### Dialogue with shareholders and investors (April 1, 2023 to March 31, 2024)

Overview of shareholder and investor dialogue (about 220 opportunities)



### Major IR events and participants

Date	IR event	Description	Principal briefer
May	Financial results briefing (FY2023 full-year)	Announcement of results for FY2023, Medium-Term Management Plan, and Long-Term Vision	President
Aug., Jan.	Financial results briefing (10/30 FY2024)	10/30 FY2024 results	IR representative (manager, Corporate Strategy Division)
Nov.	Financial results briefing (20 FY2024)	2Q FY2024 results	Vice president
May	Small meetings	Strategic dialogue between analysts, institutional investors, and the president	President

### Feedback to executive management

Description	Frequency	Feedback sent to	Reporting method
Summary of dialogue	2Q, end of year	Board of Directors	Consideration by the Board of Directors
Summary of analyst reports	Quarterly	President, CFO, others	Direct or by email, etc.
Suggestions during dialogue	As needed	CFO, related departments, others	Direct or by email, etc.

We will add opportunities for dialogue between shareholders and executive management (including financial results briefings, individual meetings, and IR events) during FY2025 and beyond.

# Corporate governance

## JR-West Group's approach to corporate governance

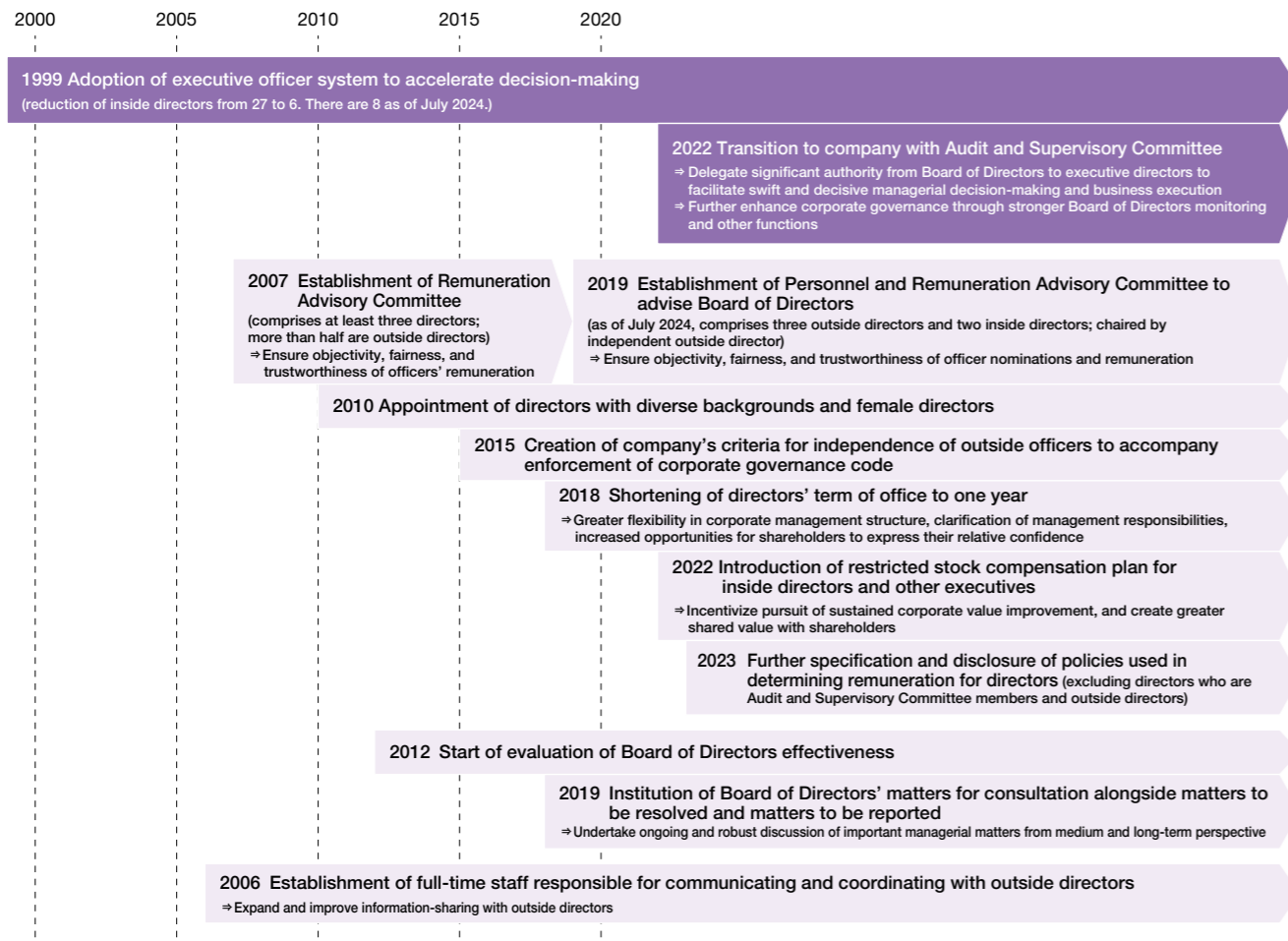
The JR-West Group has been making continuous efforts to contribute to the creation of a safe and prosperous society. With safety as its foundation, the Group provides infrastructure services, having points of contact with many customers and ties with local communities. The Group believes that it can 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.

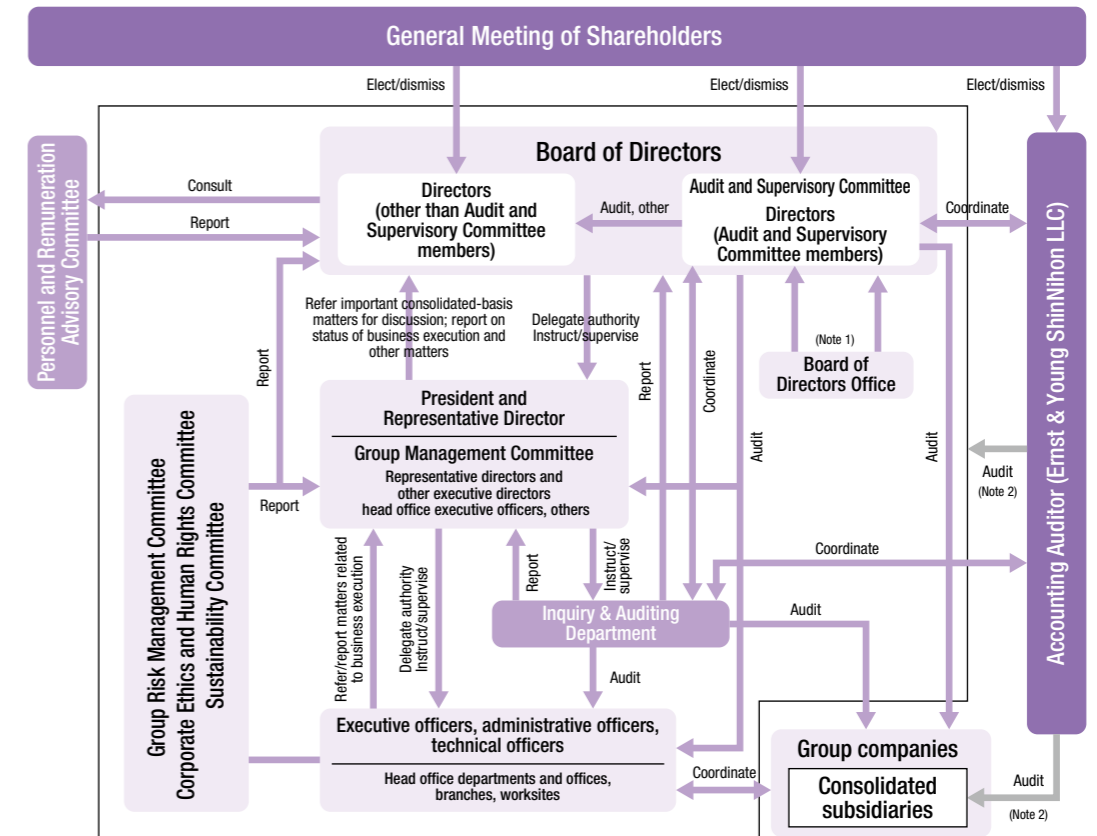
In order to realize these objectives, JR-West will

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.

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



## 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.

- Of the 15 directors, 7 are independent outside directors. (For details on the composition of the Board of Directors, see pp. 95–96.)
- 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. (For details on the Personnel and Remuneration Advisory Committee, see below.)
- 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.

## 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.

In fiscal 2024, the Personnel and Remuneration Advisory Committee met nine times with all members in attendance.

## Corporate governance

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

JR-West conducts an evaluation of the effectiveness of the Board of Directors each year, and brings about continuous improvement to the effectiveness of the Board of Directors by evaluating on a regular basis whether the Board of Directors is fulfilling its expected roles and duties, which, in turn, leads to the continuous growth of the Group and the medium- to long-term improvement of corporate value.

In order to evaluate the effectiveness for fiscal 2024, a questionnaire was administered, taking into account the status of initiatives carried out by the Board of Directors in fiscal 2024, to address the challenges identified in the evaluation of the Board of Directors for fiscal 2023. The Board of Directors held discussions based on the results of the said questionnaire on the challenges for which initiatives should be carried out in fiscal 2025.

- (1) Priority initiatives for fiscal 2024 informed by the evaluation of the effectiveness of the Board of Directors in fiscal 2023
  - (i) Further enhance discussions on various challenges related to the medium- to long-term improvement of corporate value
  - (ii) Devise monitoring approaches to strengthen the functions of monitoring and supervision
  - (iii) Further enhance communication between outside directors and the Audit and Supervisory Committee

- (2) Evaluation of the effectiveness of the Board of Directors in fiscal 2024
  - Questionnaire given to Board of Directors: December 2023 to January 2024
  - Discussion by Board of Directors: January 2024
  - Evaluation results reported to Board of Directors: February 2024

(3) Evaluation results of the effectiveness of the Board of Directors in fiscal 2024  
Based on the results of the questionnaire, the Board of Directors found the following: that lively discussions were held on medium- to long-term improvement of corporate value and on strategy, and the content and quality of such discussions were improving; and that the effectiveness of Board of Directors was maintained and improved based on the statuses of the initiatives to improve the functions of monitoring and supervision and the initiatives to further enhance communication between outside directors and the Audit and Supervisory Committee.

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.

(4) Challenges for the Board of Directors to address during fiscal 2025  
Based on the above result, 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  
We will make good use of the matters for consultation as established in the regulations of the Board of Directors, among others, to deepen discussions on value creation aimed at realizing our Long-Term Vision, and discussions on challenges for the medium to long term bearing in mind environmental change.
2. On further improving monitoring and supervision functions  
While continually devising ways to improve approaches to monitoring, we will make good use of opportunities such as off-site meetings led by outside directors to establish an environment in which the functions of monitoring and supervision can be suitably effective.
3. On improving the collective insight of the Board of Directors  
We aim to further improve effectiveness by conducting training designed to further enhance the insight that the Board of Directors needs to be equipped with in order to respond to the changes in the external environment.
4. Listed below are the matters that existing initiatives have been addressing. JR-West plans to continue with such initiatives to improve the effectiveness of the Board of Directors.
  - (i) 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.

- (ii) 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.
- (iii) 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

Upon conducting discussions on the effectiveness of the Audit and Supervisory Committee, JR-West has determined that its effectiveness is being further improved through the establishment of new opportunities for communication between part-time Audit and Supervisory Committee members and executive directors, among other measures.

Furthermore, while we have enhanced information sharing with the internal audit department, a proposal was made to share challenges with the internal audit department and to collaborate on responses aimed at improving the quality of audits.

#### Offsite meetings

Month held	Participating divisions
October 2023	Corporate Strategy Division
February 2024	Marketing Headquarters
May 2024	Inquiry & Auditing Department
August 2024	Work Style Reform Project Team

#### On-site inspections and other visits

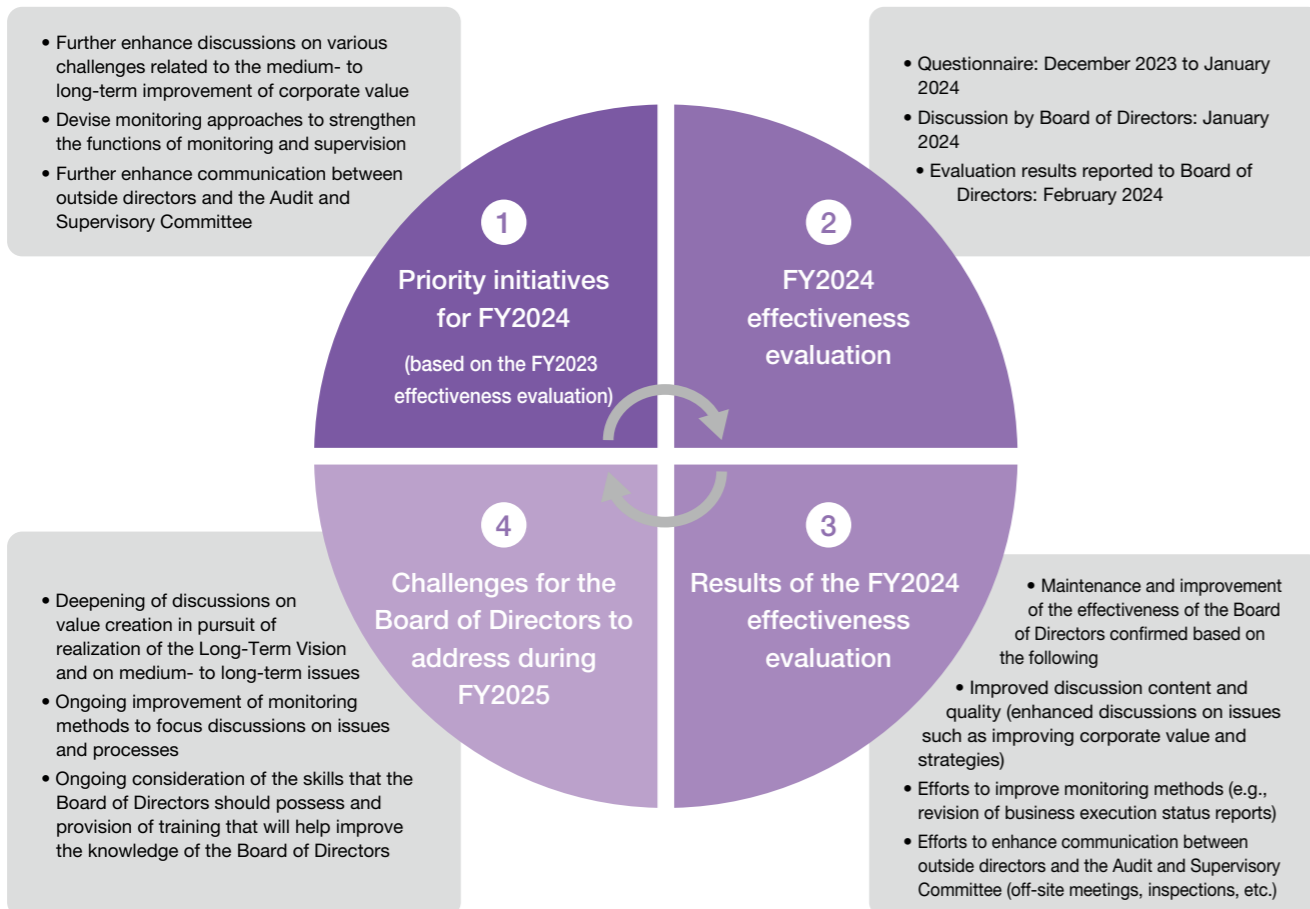
Month held	Sites visited
December 2023	Self-driven caravan BRT; Higashihiroshima
January 2024	New Hiroshima Station building, Chugoku Regional Head Office; Hiroshima
July 2024	The Osaka Station Hotel, Autograph Collection; Osaka



Self-driven caravan BRT, Higashihiroshima



New Hiroshima Station building, Hiroshima



## Corporate governance

### Opinions of outside directors in discussing the updated Medium-Term Management Plan 2025 and other matters

Theme		Outside directors' opinions (summary)
Changes in the external environment	Booming tourism and inbound travel	<ul style="list-style-type: none"> <li>Regarding overtourism, measures need to be taken in anticipation of the impact that proposed government measures will have on the Group.</li> <li>The Board of Directors should continue to monitor changes in the flow of people between Kansai and Hokuriku due to the extension of the Hokuriku Shinkansen to Tsuruga.</li> </ul>
	Labor shortages	<ul style="list-style-type: none"> <li>Improving work engagement among essential workers responsible for railway operations is an extremely important issue.</li> <li>Sharing and collaboration on human resources and know-how across companies and industries is needed.</li> <li>Regarding how the funds generated by improved business performance will be used, we hope to see a positive message sent out about rewarding employees who have persevered through the pandemic.</li> <li>We would like to see efforts aimed at creating a comfortable working environment, including by utilizing human resources between group companies.</li> </ul>
	Inflation	<ul style="list-style-type: none"> <li>It is important that all company heads view the rise in hurdle rates in the current rising interest rate environment as their own responsibility and respond accordingly.</li> </ul>
	Diversifying customer needs	<ul style="list-style-type: none"> <li>We hope that, by having an organization that operates across the Group to proactively maintain contact with other departments and worksites and that works collaboratively to realize customer-centric reform, increased customer trust and engagement with the JR-West Group can be achieved.</li> <li>As the added value provided to customers, and the way in which it is provided changes, it is important from a governance perspective to discuss the nature and strategy of JR-West business from a higher level perspective.</li> </ul>
Deeper awareness of pressing management issues	Improving the safety, and sustaining the evolution of, railway business	<ul style="list-style-type: none"> <li>Even as digital transformation progresses, new risks will likely emerge and the total amount of risk is not likely to decrease, thus necessitating a reconsideration of how safety should be.</li> <li>As JR-West consolidates back-office departments and hires more mid-career professionals, a challenge for human resource development is transferring skills that are directly linked to safety. We would like the company to address this issue by utilizing the capabilities of veteran employees.</li> <li>Investments to improve the sustainability of railways should be seen as increasing the value provided to customers through strengthened railways and improved services.</li> <li>We hope that one outcome of the restructuring of the Johana/Himi Line will be an improvement in the well-being of nearby residents.</li> <li>In order to gain social acceptance for the fare revision, we believe it is necessary to spark discussion from the perspective of the sustainability of railways throughout Japan, rather than just JR-West alone.</li> </ul>
	Creating value together as a Group	<ul style="list-style-type: none"> <li>As more employees experience having their feedback implemented as policies, their creativity and sense of participation will also increase.</li> <li>In order to share and realize Our Purpose, the Medium-Term Management Plan, and other goals, it is important that they be managed from the bottom up in each workplace and that they be told as stories that will move employees.</li> <li>Governance-related cooperation among group companies should be strengthened.</li> <li>Given that recent scandals in other industries are partly caused by an environment in which employees can't or won't speak up to their superiors, it is necessary to create organizations that offer a high level of psychological safety.</li> <li>We hope that by using Our Purpose, the Medium-Term Management Plan, the JR-West Group Code of Conduct, etc., as opportunities for dialogue in each workplace, the organizational culture can be further improved and employee engagement increased.</li> </ul>
	Improving the ability to adapt to and create change	<ul style="list-style-type: none"> <li>We would like to see efforts made to visualize the synergistic effects of digitalization.</li> <li>JR-West should take the lead across the region in a variety of sectors, including non-railway business, as it advances collaboration with other JR companies.</li> <li>In order for a new business to grow, it is important to have collaboration and handover between "initiators," i.e., personnel who are skilled in starting up the business, and "closers," i.e., personnel who are skilled in expanding the business.</li> <li>JCLaaS is a significant business from a social issues perspective. We want to see it pursued with an emphasis on profitability and broad regional cooperation among local governments.</li> <li>We hope that a portfolio of ideal innovation-minded talent will be created by engaging with each person and systematically developing them into human resources through creative approaches and support.</li> <li>While allowing flexible work styles, such as fully remote work, it is important to devise ways to improve project management and employee unity.</li> </ul>
Financial strategy and shareholder returns		<ul style="list-style-type: none"> <li>Taking into account its current financial situation, when communicating with investors and presenting a roadmap for increasing corporate value, JR-West should demonstrate its commitment to shareholder returns, particularly efforts to restore EPS through share buybacks, in response to the public offering. Ultimately, the aim should be to restore the share price to the level it was before the public offering during the pandemic and fulfill the company's commitment to investors who will support it over the long term.</li> <li>We believe that the market will appreciate the fact that the company paid dividends even during the pandemic, that it has set a target dividend payout ratio of 35% or more, and that it will use one-third of the additional resource allocation associated with the updated Medium-Term Management Plan 2025 to buy back treasury stock.</li> <li>When revising the medium-term numerical targets and considering the direction of resource allocation, we would like to see deeper discussion on how these are balanced with Our Purpose, multi-stakeholderism, human capital investment, and other issues.</li> </ul>

### 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 Medium-Term Management Plan, 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.

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 <sup>*2</sup>
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 <sup>*1</sup>	Company performance	Financial indicators	Consolidated income Asset efficiency Ratio of life design field to consolidated income	70%	Payment in cash on a fixed date
		Non-financial indicators	Railway safety Global environment Work engagement		
	Individual performance	Main KPIs of the departments each director is responsible for	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.

## Corporate governance



Board of Directors (As of June 19, 2024) • Number of years as board member • Attendance at board meetings (FY2024)

- 1** President, Representative Director, and Executive Officer  
**Kazuaki Hasegawa**  
 • 12 years  
 • 15/15 meetings  
 Chairman of the Board of Directors | Personnel and Remuneration Advisory Committee member
- 2** Outside Director  
**Yoshinobu Tsutsui**  
 • 4 years  
 (tenure as Audit and Supervisory Committee member: 5 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
- 3** Outside Director  
**Haruko Nozaki**  
 • 4 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
- 4** Outside Director  
**Kenji Iino**  
 • 2 years  
 • 15/15 meetings  
 Former managing director and executive managing officer of Mitsui Fudosan Co., Ltd.  
 Independent officer
- 5** Outside Director  
**Yoshiyuki Miyabe**  
 • 2 years  
 • 15/15 meetings  
 Major concurrent posts  
 Director and executive vice president of Panasonic Holdings Corporation  
 Independent officer | Personnel and Remuneration Advisory Committee member
- 6** Vice President, Representative Director, and Executive Officer  
**Shoji Kurasaka**  
 • 6 years  
 • 15/15 meetings  
 Personnel and Remuneration Advisory Committee member
- 7** Vice President, Representative Director, and Executive Officer  
**Koichi Haruna**  
 • Appointed as director in June 2024
- 8** Vice President, Representative Director, and Executive Officer  
**Akira Inoue**  
 • Appointed as director in June 2024
- 9** Director and Senior Managing Executive Officer  
**Eiji Tsubone**  
 • 3 years  
 • 15/15 meetings
- 10** Director and Senior Executive Officer  
**Hideo Okuda**  
 • 2 years  
 • 15/15 meetings
- 11** Director and Executive Officer  
**Takeshi Urushihara**  
 • Appointed as director in June 2024
- 12** Outside Director (full-time Audit and Supervisory Committee member, chairman of the Audit and Supervisory Committee)  
**Maki Ogura**  
 • 2 years  
 (tenure as Audit and Supervisory Committee member: 2 years)  
 • 15/15 meetings  
 Former judge  
 Independent officer
- 13** Director (full-time Audit and Supervisory Committee member)  
**Makiko Tada**  
 • 1 year  
 • 11/11 meetings
- 14** Outside Director (Audit and Supervisory Committee member)  
**Emiko Hazama**  
 • 2 years  
 (tenure as Audit and Supervisory Committee member: 2 years)  
 • 15/15 meetings  
 Former deputy mayor, Sakai City  
 Major concurrent posts  
 Professor at the Department of Public Affairs, Osaka University of Commerce  
 Independent officer
- 15** Outside Director (Audit and Supervisory Committee member)  
**Kenryo Goto**  
 • 2 years  
 • 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

### 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.

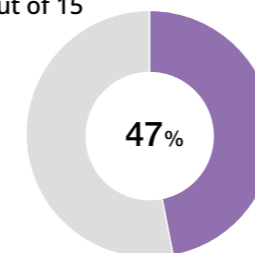
The table below lists the seven abovementioned skills that each director (including directors who are Audit and Supervisory Committee members) currently possesses and is expected to demonstrate in particular.

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

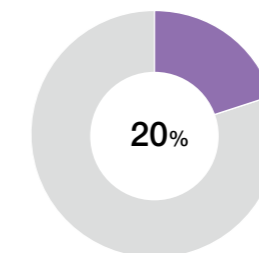
Name	Position in the company	Skills particularly expected to be displayed (major components stated in lower column)						
		Corporate management Business strategy Organization development Financial strategy	Governance Legal affairs/risk management Diversity Human rights Human resources cultivation	Safety/quality 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
1 Kazuaki Hasegawa	President and representative director (chairman of the Board of Directors)	●		●			●	
2 Yoshinobu Tsutsui	Director (independent, outside)	●	●		●			
3 Haruko Nozaki	Director (independent, outside)		●					●
4 Kenji Iino	Director (independent, outside)	●			●		●	
5 Yoshiyuki Miyabe	Director (independent, outside)	●		●		●		
6 Shoji Kurasaka	Representative director	●	●					●
7 Koichi Haruna	Representative director	●				●		●
8 Akira Inoue	Representative director	●		●				
9 Eiji Tsubone	Director	●			●	●		
10 Hideo Okuda	Director	●			●	●		
11 Takeshi Urushihara	Director			●				●
12 Maki Ogura	Full-time Audit and Supervisory Committee member (independent, outside, Audit and Supervisory Committee chair)		●					
13 Makiko Tada	Full-time Audit and Supervisory Committee member			●	●			●
14 Emiko Hazama	Audit and Supervisory Committee member (independent, outside)		●					●
15 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.

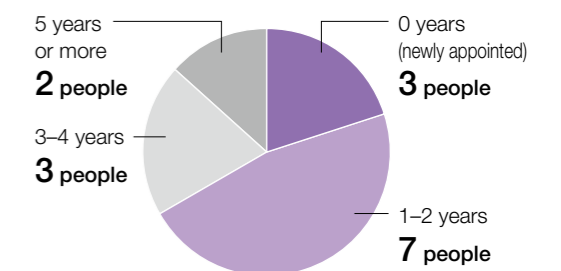
Percentage of independent outside directors among directors  
7 out of 15



Percentage of women among directors  
3 out of 15



Ratio of the number of years as director



Special roundtable

## Expectations and challenges for growth of the JR-West Group from the perspective of outside directors

Outside directors not only monitor and supervise to ensure the transparency and fairness of management but also play an important role in ensuring sustained corporate growth and improving corporate value over the medium to long term. The four outside directors, Haruko Nozaki (moderator), Yoshinobu Tsutsui, Kenji Iino, and Yoshiyuki Miyabe, sat down to discuss JR-West's medium-term management plan, expectations for growth, and the role of outside directors.



### Pursuing the medium-term management plan as a unified group and realizing Our Purpose

**Nozaki (moderator):** The JR-West Group has faced an unprecedented management crisis since the COVID-19 pandemic began in 2020. As outside directors, we have been fellow travelers alongside JR-West throughout the management reforms over this period. I would like to use this occasion to discuss the various management reforms, as well as to talk about the expectations and challenges for the future. First, I'd like to hear your thoughts on Our Purpose and the JR-West Group Medium-Term Management Plan 2025 (hereinafter the "medium-term plan"), which were announced in April 2023.

**Tsutsui:** The medium-term plan outlines five key strategies. The first, "Improve safety of railways," is a source of value for the Group, and it is important that JR-West invest resources into it without hesitation. Beyond that, the strategy I expect will support future growth is to "Further evolve real estate and city development," as that will increase the value of the areas along railway lines. In terms of specific business, my focus is on JCLaaS (comprehensive infrastructure management business), which is also being discussed at board meetings.

In Japan, where the population is declining, a major issue is how to promote the necessary cooperation between government agencies on a wider scale in order to maintain and manage various public infrastructure, which is becoming increasingly dilapidated. JCLaaS is a business with significant social value that addresses exactly this issue, and it is an area in which the Group can contribute as a driving force by leveraging the knowledge and experience it has cultivated to date.

**Miyabe:** The pandemic dealt a major blow to JR-West's operations, but I can say without fear of being misunderstood that it has also had a positive effect in that it has served as a major turning point for business and will accelerate future growth. As someone involved in corporate management, I was deeply impressed by JR-West's willingness to take on challenges without hesitation and by the process of deepening discussion about transforming into a company that is not solely dependent on transportation. However, there is also the concern that once business performance recovers, awareness regarding the great changes that have been made will fade. Even as business performance recovers, I want JR-West to maintain its commitment to taking on new challenges and not forget the aims it put into formulating the medium-term plan. As an

outside director, I will be keeping a close eye on this point. **Iino:** Our Purpose, which was formulated through repeated trial and error and extensive discussion, is extremely valuable. It must be instilled in all Group employees so that it makes perfect sense to them, and management must embody and promote this spirit throughout the entire Group. To achieve this, it is important that a sense of unity be maintained among all Group employees. The other day, I had the opportunity to watch the JR-West baseball team compete in the Intercity Baseball Tournament. It was wonderful and deeply moving to see the united support of so many Group employees. I definitely hope to see this sense of unity also demonstrated in the Group's business activities.

**Nozaki:** I was impressed by what President Hasegawa said at a board meeting during the pandemic, that "Almost overnight, the next 10 years has arrived." Before the pandemic, while looking out the window at the Hotel Granvia Osaka, I heard about JR-West's vision for the Umekita area, and I honestly got a sense that this company is creating the future. And now, it's great that the Group has come together as one to overcome the pandemic in a speedy, unified, and cohesive way to realize Our Purpose.

### Acting, from a shared desire to improve the company, as a restraint on, and collaborative partner in, the execution of business

**Nozaki:** At board meetings, the progress of internal discussions and important information are shared in an easy-to-understand manner before the meetings, which facilitates monitoring and appropriate decision-making by the outside directors. We, the outside directors, share the common understanding that these efforts are helping to maintain and improve the effectiveness of the Board of Directors and, thereby, helping it to develop. The continuation of these efforts is extremely important in terms of enabling outside directors to fulfill their roles. Tell us your impressions of the Board of Directors and what you keep in mind as an outside director.



**Miyabe:** I always feel the proposals presented at board meetings have gone through considerable internal discussion. Precisely because I am an outside director, it is my responsibility to point out things that seem wrong or odd about the proposals. Outside directors do not have enough information to go into the details of individual business activities, so we monitor things that are not visible to the executive team and provide advice to ensure that business execution does not become self-complacent. The best way for a company to be managed is for the board of directors to discuss the overall direction and for the executive team to give their input on the specific business operations, while swiftly making and executing decisions without relying too much on or favoring the outside directors; I feel that JR-West is able to do this. **Tsutsui:** When I first attended a board meeting, I was pleasantly surprised to see how lively the discussions were, even though the company was a public enterprise, the former Japanese National Railways. Since then, JR-West has sincerely worked to meet society's expectations for corporate governance and has continued to push forward with governance reforms. I believe that corporate governance has, essentially, two functions. The first is the function of outside directors to restrain the executive team, which is related to pointing out whatever seems wrong or odd, as Mr. Miyabe mentioned. The second is collaboration, whereby we, based on the premise of being a restraining force, work in partnership with the executive side. Restraining and collaborating would seem to be contradictory, but I believe the role of an outside director is to strike a balance between the two. There is a tendency to call for oversight and execution to be kept separate, but, in reality, having a balance between restraining and collaborating is important.

**Iino:** The Board of Directors actively and openly discusses a variety of issues, and you can sense their desire to improve the company. They have responded sincerely to my questions as an outsider, and I feel that they have been very honest. As an outside director, I try to speak from three

## Special roundtable

perspectives: the customer's perspective, a marketing perspective, and a common sense perspective in making management decisions. As Mr. Tsutsui said, I believe the function of an outside director is not just to restrain and supervise but also to cooperate with the executive team to improve the company. From the perspective of improving the company, these are not contradictory.

**Nozaki:** I was very impressed when I heard Mr. Iino visited a real estate development site for the sake of a board meeting.

**Iino:** Yes. At the real estate company where I worked, the mindset was "Don't talk about the site if you haven't seen it." And even when it comes to JR-West board meetings, I strive to maintain this mindset, because I believe it is important to wait to offer my thoughts about real estate until after I have seen the actual site and property.

**Nozaki:** When I was asked to serve as an outside director, I had the impression that they expected me to serve as a "job-type" outside director. In other words, I thought they expected me to provide advice in areas such as diversity and human resources. As an outsider, a newbie (someone new to this field), and a fool (someone not fully familiar with the company's internal affairs), I believe that my role as a job-type outside director is to bring diversity of perspective to the company.

### Important points for further growth

**Nozaki:** What do you think is important for the JR-West Group to grow further and what are your future expectations for it?

**Iino:** To grow, you start with human resources. You make your company into one that attracts and empowers lots of ambitious people. And it needs to be a satisfying workplace. For example, it's important to have a sense of solidarity, individual trust, open communication, and a culture of mutual acceptance. And I want JR-West to remain the sort of company that employees can be proud of. With this in mind, it is important that management be proactive in communicating an inspiring vision. Although JR-West has a somewhat top-down culture, my hope is that each and every employee will have pride in their work and make Our Purpose their own. I want employees to ask themselves what should not be changed and what should be changed, and to protect what should not be changed while having the courage to take on the challenge of changing what should. I believe it is also the role of outside directors to support these efforts.

My field of expertise is real estate and urban development, which is not just about constructing buildings; it also encompasses a variety of functions, such as retail and commercial use. It is important to work together across companies and pool the know-how, both inside and outside the Group, as no single company can do all that is needed.



It is important to maintain a perspective that makes it possible to respond flexibly and acquire what is lacking through collaboration with parties outside the Group. Having the optimal perspective for the entire Group is key, with the newly established Marketing Headquarters at the center.

**Miyabe:** I believe the life design field is key to growth. This field was previously referred to as the "non-railway field," but Ms. Hazama, an outside director (Audit and Supervisory Committee member), suggested that it should be termed differently. JR-West responded immediately, and we now call it the "life design field." That is absolutely wonderful. At present, it seems like just bundling non-railway businesses together, but I believe the company should seriously develop these as a pillar of growth.

Another important thing is to have a thoroughly customer-focused perspective. Service industries like JR-West are characterized by frequent contact with customers, and the advantage of this is that it allows the company to identify issues through this contact. The key to growth in the life design field lies in the company's points of contact with customers. I believe JR-West can continue to evolve by utilizing the insights gained from railway users in multiple areas, such as hotels and retail. As Mr. Iino said, the role of the Marketing Headquarters is important in this regard. It is wonderful that President Hasegawa himself is taking on the role of general manager, a role that will shoulder the most difficulties in terms of steering the course and is, thus, at the forefront of this endeavor.

The last suggestion I would like to make is about the JR Group. After the former Japanese National Railways was divided and privatized, each company competed with the others to improve their services, achieving good results. Thirty-seven years have passed, and the situation has changed significantly. It's important for all JR companies to strengthen cooperation while sharing a customer-oriented and efficiency-oriented perspective in order to provide even better service to customers. For example, JR-East and JR-West have begun considering standardizing equipment and parts for railcars. I feel that these are the types of things

that will be required of the JR Group moving forward.

**Nozaki:** My suggestion for growth is to shift JR-West's thinking from equality to equity. For example, instead of a uniform approach to personnel policies and human resource development, the company can focus on tailoring these to the individual. Also, rather than judging businesses in a uniform manner, it would be good to develop policies that take into account the characteristics of each business. I also believe that a culture of praise should be a more prominent part of the corporate culture. Even in areas where JR-West appears to be doing well compared to other companies, because of a pervasive attitude of "That's nothing special," praise tends not to be given.

JR-West's strengths include a strong organization, excellent management team, and on-site capabilities that are combined with a robust sense of mission. These were the driving force that enabled the company to overcome the pandemic. However, a strong organizational culture emphasizes discipline while ideas tend to be monotone. That is why there are expectations for women to play an active role. In the future, I would like to see JR-West transcend generations, welcome differences in department, company, and corporate size, and collaborate with diverse members with different careers and values, from local communities, government agencies, and academia. There is no doubt that the new insights that arise from dialogue will accelerate the growth of individuals and organizations and shape the future.

**Tsutsui:** The JR-West Group is currently working on transforming its business portfolio. A part of Our Purpose reads, "Evolve connections among [...] societies." This society-oriented perspective will become even more important for the Group's future growth. Focusing not only on economic value but also on universal social values, such as safety, health, and the environment, will create business seeds (the know-how, technologies, and ideas that are the core of product and service creation) which will, in turn, create a further virtuous cycle of business value. Outside directors should also play a role in enhancing social value.



### Workplace strengths and the value of work that only someone outside the company could notice

**Tsutsui:** When Ms. Nozaki mentioned "a culture of praise," I remembered a time that I was in a train driver's cab, accompanying them on a site inspection. I saw how thorough their attention to basic operations was. I also had a strong sense of the pride they had in their job, picking up and transporting the many passengers waiting at the stations. The essence of the business is out in the field. I said earlier that a society-oriented perspective is important, but a field-oriented perspective is equally important, and I would like to see this field-oriented perspective in the discussions at board meetings.

**Nozaki:** I was present during Shinkansen ballast replacement work, which began around midnight. I was deeply impressed by how this sort of late-night work supports the safe operation of the Shinkansen. Also, during my visit to a shopping center, I was very impressed by the energy and enthusiasm of the employees. Recently in Japan, there has been a tendency to make light of essential workers. I feel it's important for the JR-West Group to take the lead in communicating the importance of essential workers.

**Miyabe:** It's also important for employees to understand the strength that exists in their workplaces and the wonderfulness of their work, which may go unnoticed within the Group.

**Nozaki:** Our discussion today has brought up a variety of opinions, some of which are an extension of the discussions at board meetings and some of which are new perspectives. As outside directors, we each have our own expected roles to play. And, with each of us playing our roles, we will continue to work towards improving the corporate value of the entire JR-West Group. Thank you for your time today.



## 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.

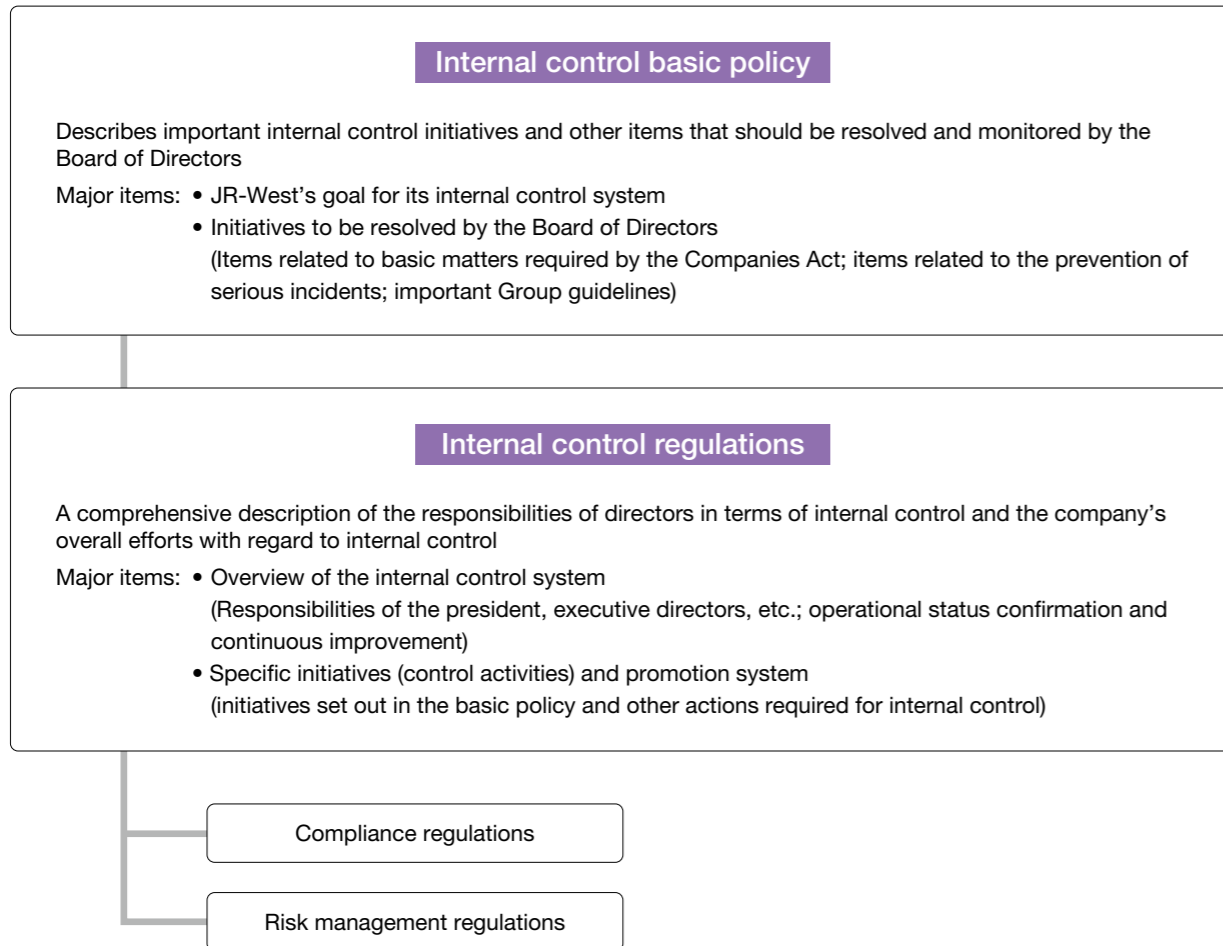
### Overview of the internal control system

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.



## Group risk management (company-wide risk management system)

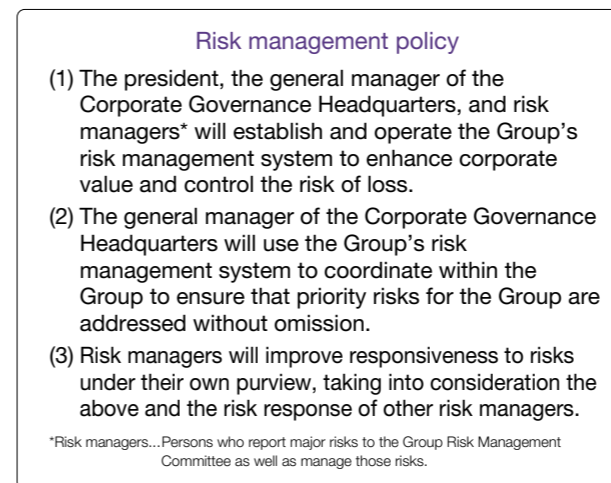
### JR-West Group's approach to risk management

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.

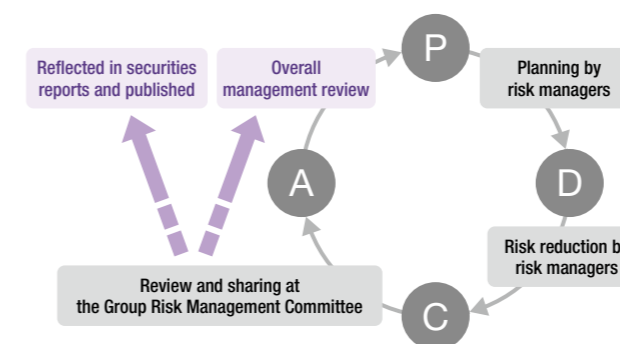
Additionally, we have established individual, specialized committees to engage in more concrete and efficient discussion on such risks as railway safety, climate change, and human rights.



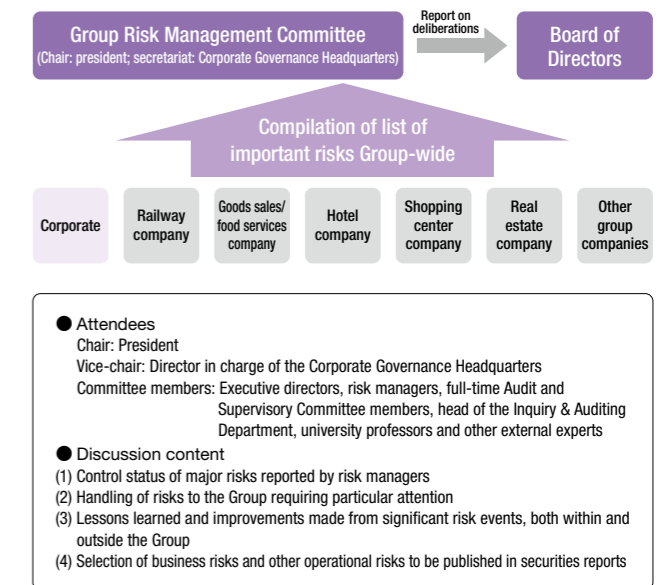
### Company-wide risk management PDCA cycle

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.

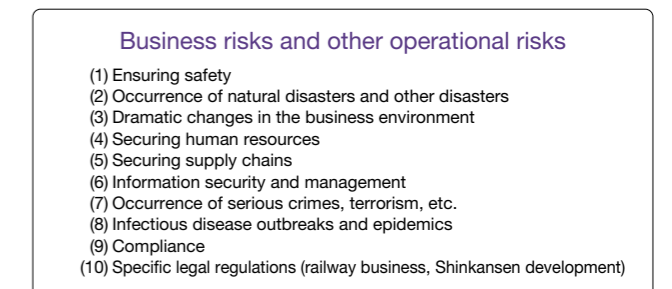


### Group Risk Management Committee



### 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.



## 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.



### 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
- Terrorist acts, killings, bodily harm, or bombings at our facilities
- Major earthquakes and disasters
- Crisis situations when traveling abroad
- Food-related accidents
- Disasters
- Armed attacks and other such situations
- Personal information leakage
- 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.





# 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 in order to live up to the trust and expectations of society. To this end, we established the JR-West Group Code of Conduct (hereinafter, Code of Conduct) in May 2024.

It serves as the common foundation for the JR-West Group in complying with laws and regulations and acting with sincerity as we strive to realize Our Purpose. In it, we clearly state our key values and what conduct must be ensured, such as speaking up about anything discomforting that may be experienced, working to prevent misconduct and its escalation, and having zero tolerance for any form of harassment. We strive to instill all of this in our executives and employees.

Also, we have been carrying out human rights due diligence based on the JR-West Group Human Rights Policy, which was revised in April 2023. We have identified human rights violation risks that need to be addressed as a priority and are working to prevent and mitigate any negative impacts. We will continue to work with stakeholders both inside and outside the Group as we seek to respond appropriately.

In particular, with regard to abusive customers, which is one of the human rights violations that must be addressed as a priority, we have established the JR-West Group Basic Policy on Customer Abuse and are creating an environment in which the human rights of JR-West Group employees are protected to ensure that they can work with peace of mind and in good health, both physically and mentally.

## Corporate ethics and human rights efforts

### ● Establishment of the JR-West Group Code of Conduct

The aforementioned Code of Conduct is composed of three parts: Our Mindset, Our Commitment, and Our Executives' Mindset. The contents of each are described below.



JR-West Group Code of Conduct

### ■ Content of the JR-West Group Code of Conduct

Section	Target	Content (excerpt)
Our Mindset	Executives and employees	Compliance, observance of laws and regulations, mindset as an employee, four questions to ask yourself, ethics, organizational culture, importance of dialogue, whistleblowing, responsibility to speak up
Our Commitment (conduct we must ensure)	Executives and employees	1. Pursuing safety and security 2. Respecting human rights 3. Fair dealings 4. Healthy relationships with business partners, government, and others 5. Asset protection and utilization 6. Ensuring information security 7. Preserving the environment 8. Creating a pleasant working environment 9. Cutting off ties with antisocial forces 10. Proper recording and release of company information
Our Executives' Mindset	Executives	Roles, basic attitude, respect for human rights, human resource development, organization building, sincere response

Our Mindset outlines the basic values and ideas that JR-West Group employees should hold to, including compliance with laws and regulations, ethics, organizational culture, the importance of dialogue, and the use of whistleblowing hotline. Our Commitment also outlines important compliance items that all executives and employees must adhere to. Furthermore, all full-time executives of the JR-West Group have signed on to Our Executives' Mindset, which summarizes those matters that executives must comply with, and have sworn to take the lead in putting the Code of Conduct into practice.

We are also working on related efforts to ensure that each employee has a deep understanding of the Code of Conduct and is able to refer back to it in the course of their daily work.

In addition, the "Four Questions to Ask Yourself," created in 2009, was revised in conjunction with the formulation of the Code of Conduct. We revised this document in order to enable executives and employees to ask themselves questions from various perspectives when they are unsure of what to do or feel tempted by something. In addition, in light of recent trends, we

added content related to human rights violations, harassment, and awareness about the concept of integrity, which means to act with sincerity.



Four Questions to Ask Yourself awareness-raising poster

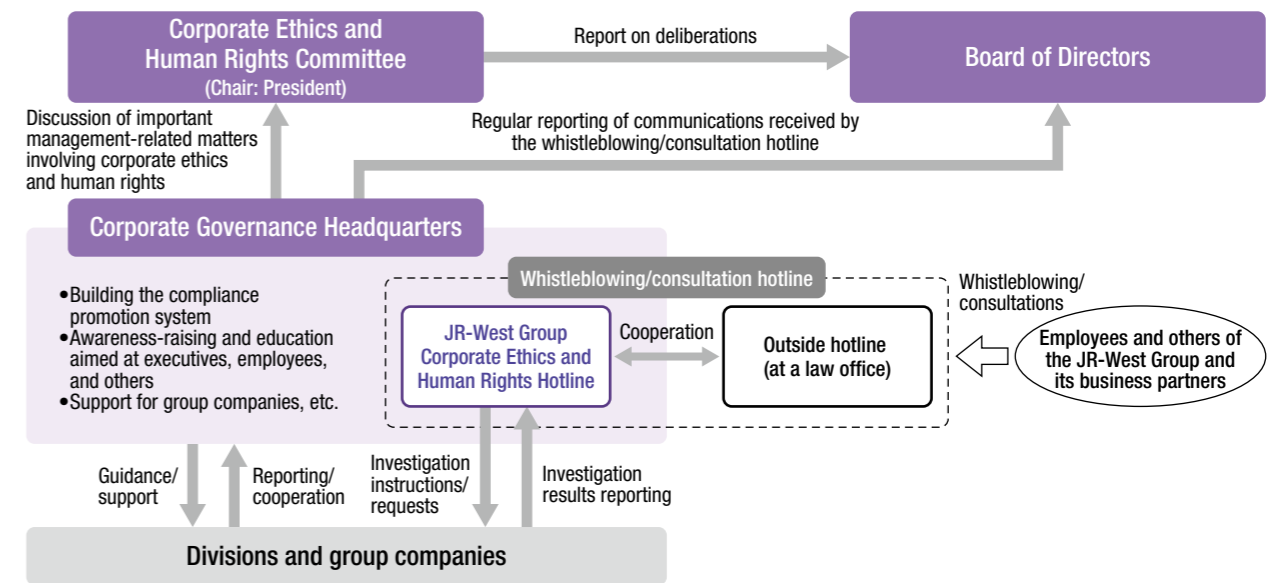
### ● Promotion structure

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.

### ■ Compliance promotion structure



### ● Education, awareness-raising

The JR-West Group believes that education and awareness-raising form an important foundation for corporate ethics and human rights. We therefore conduct ongoing efforts to this end, including rank-specific training and publishing a compliance newsletter. Such education and awareness-raising will be conducted in fiscal 2025 to help disseminate the gist of our Code of Conduct.

We believe that employees should never engage in harassment—the root of misconduct and human rights infringement—nor should they allow people around them to do so, nor do nothing about it when they see incidents of harassment. With this in mind, we hold training for whistleblowing hotline employees. This includes seminars on properly handling whistleblowing reports from employees and training to ensure that employees of all ages are kept up to date on diverse values.

### ● Employee awareness survey

Every year at JR-West, we conduct an employee awareness survey among all employees (approximately 50,000, including contracted workers), with the goal of monitoring the corporate culture and finding signs of misconduct. Survey results are reported to management, including at the meetings of the Corporate Ethics and Human Rights Committee in order to share compliance issues.

Problems discovered through this survey form the basis for new measures. The fiscal 2024 survey revealed a lack of dissemination of our corporate philosophy and policies. We therefore are striving to disseminate our philosophy and policies through the aforementioned educational activities and by clarifying the basis of employee actions in the Code of Conduct.

We are striving to eliminate or reduce the number of harassment cases. In addition to confirming whether harassment exists or not through this survey, we use the survey as a second whistleblower hotline by, for example, having employees detail specific incidents in written form.

## Corporate ethics and human rights

### Whistleblower system

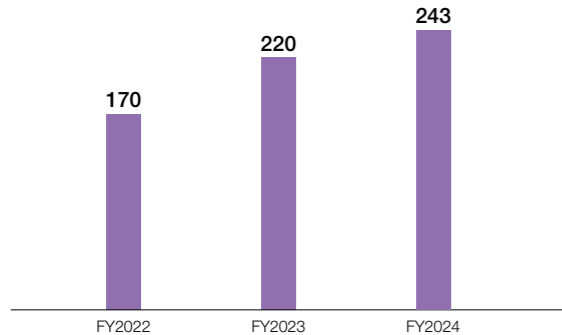
The JR-West Group has established rules for whistleblowing and consultations in order to respond appropriately to violations of laws and regulations involving executives or employees. We have set up an internal JR-West Group Corporate Ethics and Human Rights Hotline (hereinafter, “the hotline”) so that employees can report and seek advice with peace of mind. We have also set up an external hotline for whistleblowing and consultation.

In accordance with the spirit of the Whistleblower Protection Act and other laws and regulations, the Group’s whistleblowing system imposes a duty of confidentiality on those involved in handling reports and consultations in order to

thoroughly protect whistleblowers. In addition, we have strengthened the hotline’s reception and response system and strive to provide careful responses based on the wide-ranging knowledge and experience of our diverse staff. The hotline responds to reports and inquiries not only from Group executives and employees but also from all stakeholders, including business partners.

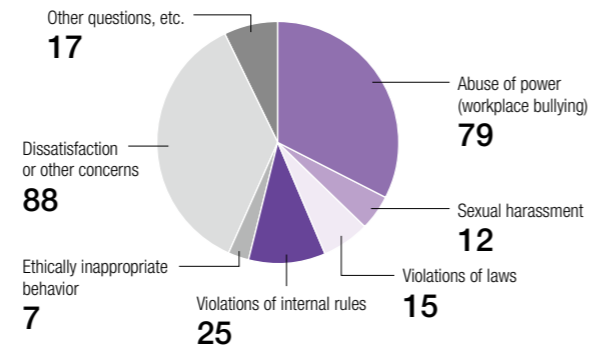
These hotlines accept reports and consultations not only regarding suspicious compliance matters but a wide range of human rights issues that arise in business activities as well. The number of reports and consultations received across the Group in fiscal 2024 was 243.

### Number of whistleblower reports and consultations over the past three years

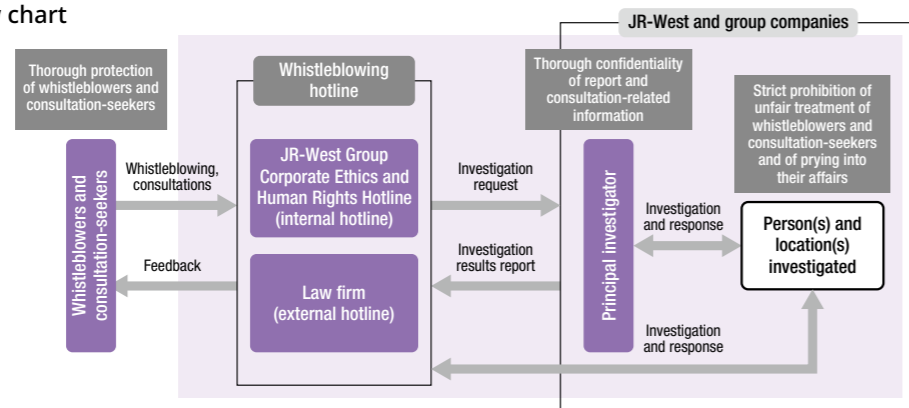


Note: The number of reports and consultations includes those made to the internal and external hotlines, as well as reports and consultations made to the JR-West Work-Life Balance Support and Harassment Counseling Office. Please note that these numbers differ from the number of cases that have been confirmed as fact.

### Breakdown of whistleblower reports and consultations in FY2024



### Response flow chart



The JR-West Group strives to boost recognition and proper understanding of the whistleblowing system by conducting the aforementioned educational activities, putting up posters in workplaces, and giving all employees cards that remind them that the hotlines are always available to listen to whistleblowers and provide them with consultation. As well, information on the hotlines is continuously appearing in the in-house magazine and on the JR-West intranet.

As a way to raise trust in the whistleblowing system, hotline users are given surveys. The issues that arise from the survey regarding how the hotline handles reports and consultation

requests are used to revise the system. Investigation results on the anonymous calls to the hotlines are put on the JR-West intranet.

Through these efforts, our aim is for the fiscal 2026 year-end survey to show that at least 70% of survey respondents feel they can use the hotline with peace of mind and trust.

The JR-West Group works to ensure that, through proper operation, the whistleblowing system can help build a corporate culture where there is positive reinforcement and a pleasant work environment, and where misconduct is quickly discovered and remedied.



JR-West Group Corporate Ethics and Human Rights Hotline awareness-raising poster

### Summary of anonymous whistleblowing and consultation cases and findings (2024) (examples)

The following are the statuses and outcomes of anonymous reports and consultations that have been handled.

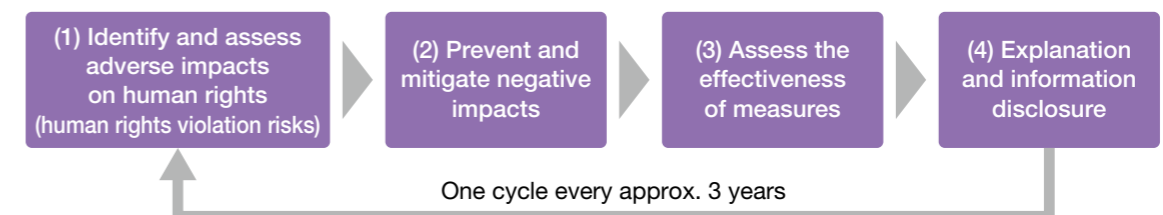
Date received	Summary of matter	Relevant company	Result of investigation
DD/MM/2024	Inappropriate posting on social media	JR-West	The facts of the matter were verified and the person in question was interviewed. We gave strict instructions, including suspending access to the social media account in question.
DD/MM/2024	Abuse of power by a superior	JR-West	Under investigation
DD/MM/2024	Abuse of power by a superior	JR-West	After interviewing many people in the department, we confirmed that the allegations were largely true and took strict action.
DD/MM/2024	Personal issues between employees in the workplace	Group company	Because the issue involves a private matter of an employee, it cannot be dealt with through the hotlines. If there are any specific circumstances in which the work environment has deteriorated, such as finding it difficult to do your job, please contact us again.
DD/MM/2024	Unfair dealings by a superior	Group company	A questionnaire was administered to the executives and employees of the group company in question, and an outside lawyer conducted interviews with related parties and the individual in question. As a result, we were unable to confirm any facts that corresponded to those reported.

### Human rights due diligence

Based on the JR-West Group Human Rights Policy, 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 and to remedy any actual impacts.

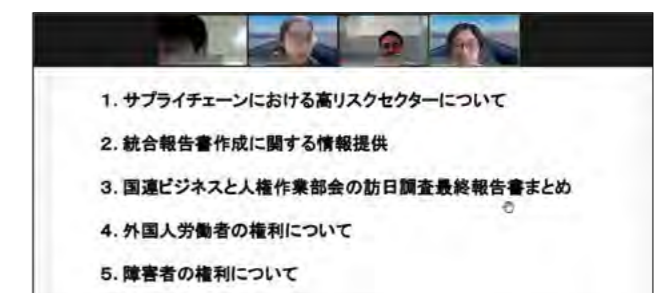
Starting in fiscal 2024, we have been working on identifying

and mitigating risks and evaluating the effectiveness of these efforts over a roughly three-year cycle. We are now finished identifying the risks of human rights violations that require priority response and are working to prevent and mitigate negative impacts.



### Identifying human rights violation risks requiring priority response

The JR-West Group has created a risk map (on the next page) to identify human rights violation risks that require priority response. The risk map was created based on the human rights violation risks listed in the Ministry of Justice document, “What Companies Need to Do About Business and Human Rights Today,” and the self-assessment questionnaire prepared based on the advice of Social Connection for Human Rights (an NGO). Also, the map was created by the secretariat, using evaluation methods such as those described in the Ministry of Economy, Trade and Industry’s “Guidelines on Respecting Human Rights in Responsible Supply Chains” (and including the results of the self-assessment questionnaire) and by taking into account the advice of the NGO.

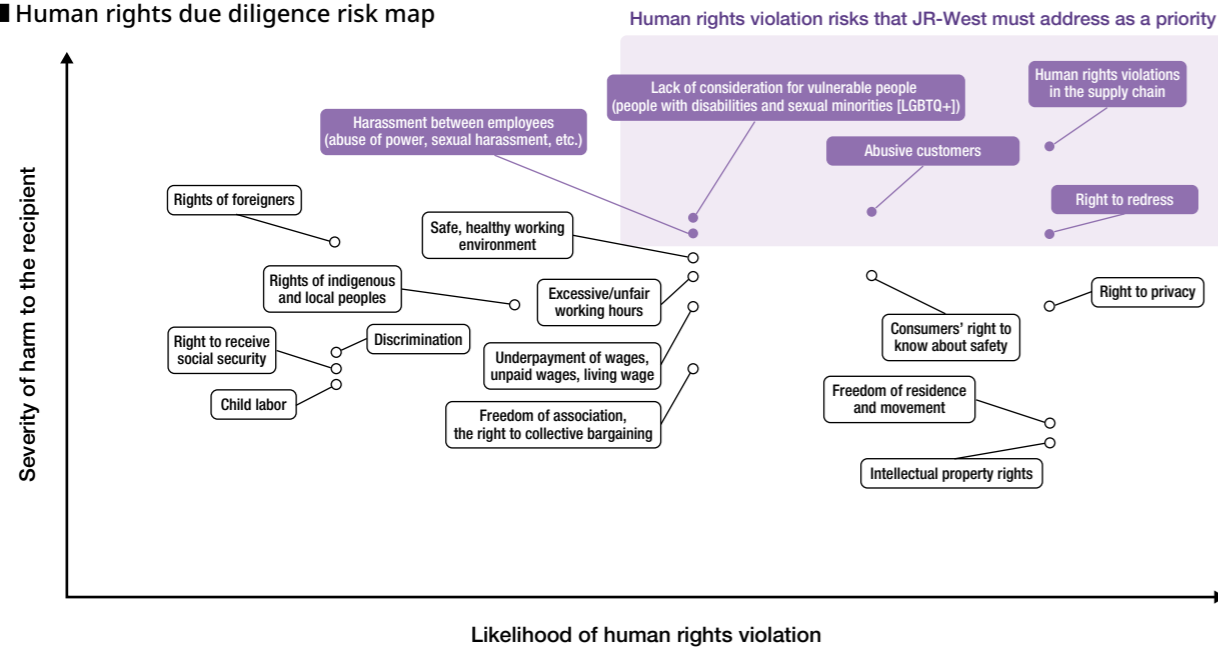


On-line dialogue with an NGO

## Corporate ethics and human rights

Based on the risk map, we identified five risks that were deemed to have a high degree of severity and likelihood of occurrence (in the purple frames in the figure below), where the responsibility was unclear and the response was deemed insufficient.

### Human rights due diligence risk map



### Addressing priority human rights violation risks

#### (1) Preventing and reducing customer abuse

In the JR-West Group, we work hard every day to provide services that satisfy our customers, humbly accepting our shortcomings and continuing to strive to make improvements. At the same time, in order to provide high-quality services, we believe it is important to protect the human rights of Group employees and to create an environment in which they can work with peace of mind and in good health, both physically and mentally. For this reason, we formulated the JR-West Group Basic Policy on Customer Abuse in March 2024 and have released it both to employees within the Group and to the general public. In the case of any verbal or physical actions that are deemed to be customer abuse, we will take firm action to

protect our employees and, if necessary, stop providing products or services to or dealing with the customer(s) in question.

In conjunction with the formulation of this basic policy, we have put in place a system that enables employees to consult with specialized lawyers. We have also distributed posters and provided video-based training to all employees in order to raise awareness and foster basic knowledge about customer abuse and the legal consultation process.

Currently, each group company is working to further improve its response to this matter by establishing necessary systems, including the specific methods and procedures for dealing with abusive customers.



JR-West Group Basic Policy on Customer Abuse awareness-raising poster

#### (2) Addressing human rights violations in the supply chain

The JR-West Group has formulated the JR-West Group Supply Chain Policy and has publicized it among its business partners. In addition, in order to identify the risk of human rights violations occurring among its business partners, the Group has conducted a supply chain survey of its first-tier suppliers.

Based on the results of the survey, we interviewed companies that handle important items to learn about their efforts and conducted various awareness-raising activities, which included human rights. In fiscal 2025, we are revising our supply chain survey and the target companies in order to collect information to identify high-risk materials and sectors.

With the railway sector now being added to the government's specified skilled worker program, the JR-West Group is considering the necessary measures for hiring foreign nationals. We will create an environment where employees with diverse backgrounds can thrive and utilize their respective capabilities.

#### (3) Preventing harassment within the company

The JR-West Group provides education and awareness-raising for all executives and employees based on the idea of "not committing, not allowing, and not ignoring" any form of harassment. We have also clearly stated our stance in our Code of Conduct and will create an environment where all JR-West Group employees can utilize their capabilities to the fullest.

#### (4) Improving support for vulnerable people (people with disabilities and sexual minorities [LGBTQ+])

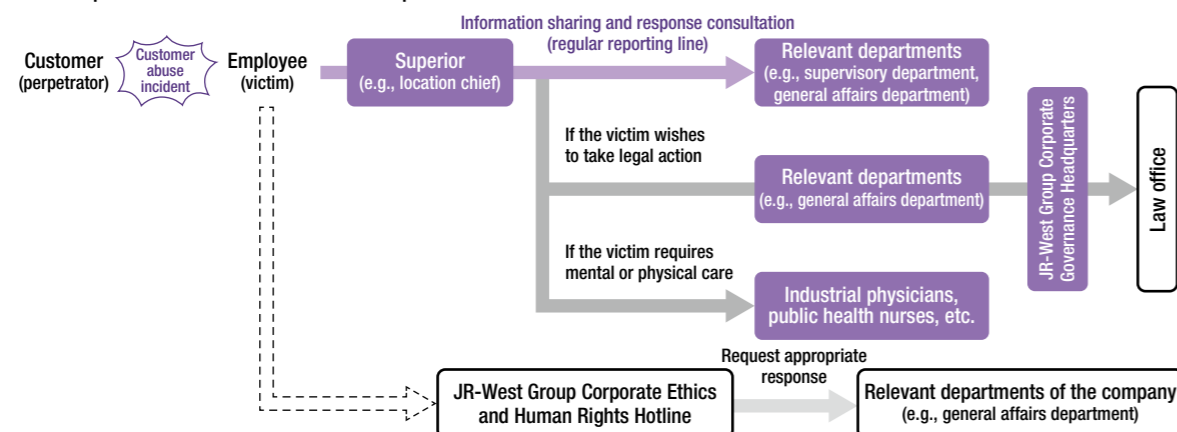
The JR-West Group is working to develop and publicize, not only from the perspective of customers but also from the perspective of diversity and securing human resources, various systems relating to people who have disabilities or are sexual minorities (LGBTQ+). However, the level of understanding among employees is still insufficient, and we believe, therefore, that it is important to continue educating and raising awareness. To that end, we will continue to provide training for managers and make efforts to raise awareness using examples of whistleblowing, such as for outing incidents, and to foster understanding among employees.

In response to the revised Act for Eliminating Discrimination against Persons with Disabilities that came into effect in April 2024, JR-West Group companies are implementing measures and updates in line with the "Guidelines for Promoting the Elimination of Discrimination against Persons with Disabilities in All Fields" revised by the relevant ministries.

#### (5) Establishing redress-related hotlines

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 redress for human rights violations (i.e., as grievance mechanisms). For more information, see "Whistleblower system" (p.107).

### General response and communication process in customer abuse incidents



### Message from an outside expert

Ensuring thorough corporate ethics and promoting greater awareness of human rights are essential to achieve sustainable growth. In the case of JR-West, they have 1) established a code of conduct, 2) are implementing human rights due diligence, and 3) have established redress mechanisms, while also developing the organizations and systems to advance these efforts. Moving forward, a repeated process of identifying risks, taking preventive and corrective measures, and providing redress in order to increase effectiveness will

be needed. It is "people" that make the system work. Each and every employee must fully understand the importance of corporate ethics and human rights and put it into practice. To achieve this, it is essential to foster a fair and broad-minded corporate culture and an open-minded workplace where problems can be discussed openly when they arise. My hope is that this will contribute to an even stronger relationship of trust with society.



Outside director (Audit and Supervisory Committee member); professor, Department of Public Affairs, Osaka University of Commerce  
**Emiko Hazama**



# 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.

In the JR-West Group, which is accelerating efforts to meet the challenges of the post-pandemic era, our "offensive" digital strategy and "defensive" information security measures go hand in hand. Ensuring appropriate information security across the entire Group will lead to the provision of safe services and the peace of mind and trust of our customers. Next fiscal year, Expo 2025 will be held in our business area. We will continue to update our measures in response to changing circumstances, in collaboration with group companies and external partners.

Head of operations; technical officer; general manager of System Management Division (CISO), Digital Solutions Headquarters  
**Yasuhiro Kai** (registered information security specialist [registration no. 025068])



## 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.

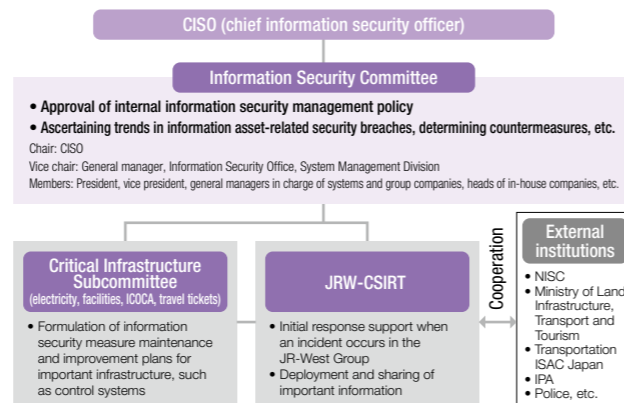
### JR-West Group CSIRT

We have established the JRW-CSIRT<sup>\*1</sup> (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. We are working to expand our framework by assigning JRW-CSIRT members (about 400 people from 80 companies) to serve as contact points for each company and JRW-CSIRT support members (about 2,100 people) to each workplace.

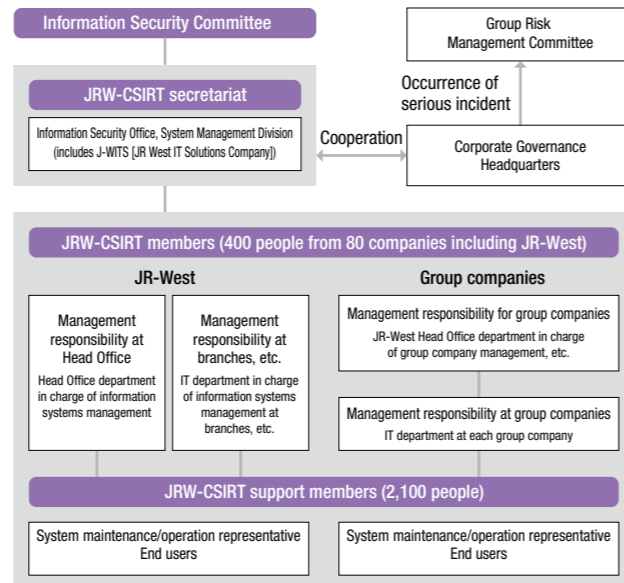
### Collaboration with external organizations

We are strengthening security through membership in Transportation ISAC Japan<sup>\*2</sup>, active participation in working groups organized by the NCA (Nippon CSIRT Association)<sup>\*3</sup>, and information sharing with the NISC (National Center of Incident Readiness and Strategy for Cybersecurity) and police organizations.

## JR-West Group's security structure



## JRW-CSIRT structure



## Improving employee literacy

In order to improve employee literacy within the JR-West Group, in addition to providing security training and education for all employees, we also provide education tailored to specific groups.

### For all employees

We are conducting spear-phishing email training and security education for all employees of JRW-CSIRT member companies, including group companies. In addition, every year since fiscal 2016, we have published an annual report covering the results of the IT department's activities and its future activity policies as part of our efforts to raise awareness of the specific duties of the IT department.

### IT Report published by the IT department



### For promotion leaders in each workplace

#### For senior management and department heads

We conduct training for senior management (approximately 210 members) at JRW-CSIRT member companies, 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 in charge of information security

We conduct training for JRW-CSIRT members and information systems managers in JRW-CSIRT member companies (approximately 2,900 people) in order to cultivate human resources capable of taking the lead in information security measures. We also provide training for the CSIRT support members (about 2,100 people) who are responsible for initial incident response and for education and awareness-raising activities within each organization to help them understand the basics of information security and the purpose and content of CSIRT activities.

### For personnel in charge of critical infrastructure

We verify our system for responding to failures by participating in cyber exercises (cross-sector exercises) hosted by NISC for critical infrastructure providers.

### 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 JR-West 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)	
All employees	Can take the lead in information security measures and implement security measures for the systems under one's purview	
	Security training for all employees, spear-phishing email training	Can handle personal/confidential information appropriately

### Scene from an information security training session



## Contributing to the railway business as a member of the information security team

For one year starting in July 2023, I participated in the IPA's ICSCoE (Industrial Cyber Security Center of Excellence) as a student in the seventh cohort of the core human resources development program. JR-West provides services centered on railways, and due to our large sphere of influence, I felt that it was a pressing issue to understand and enact measures against cyberattacks, so I volunteered to participate. At ICSCoE, I learned first-hand about the mechanisms of

control systems and cyber security-related technologies and knowledge. I also learned about approaches companies can take to business continuity and recovery when they are attacked. Going forward, as a registered information security specialist, I want to contribute to protecting our business from cyberattacks from both a technical and management perspective.



Information Security Office, System Management Division, Digital Solutions Headquarters  
**Yuri Nishizawa**

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

\*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.

## Information security

### Secure system development

Based on the concept of security by design, the JR-West Group is studying and approving security measures at the conceptual stage of system development in order to develop and operate secure system services.

#### ● Deliberations on important systems

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.

#### ■ Steps until a decision is made to invest in system development



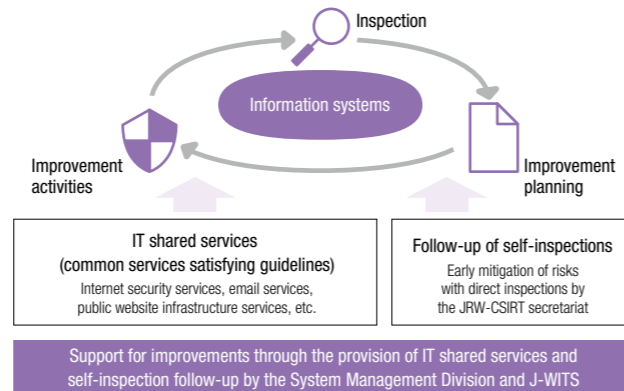
### Establishing the PDCA cycle

We maintain the JR-West Group Information Security Guidelines, which stipulate specific security standards that must be followed, and we update them in response to technological trends and past incidents. Based on these guidelines, we conduct security self-inspections of a total 144,753 items for 3,302 systems throughout the JR-West Group each year to strengthen security measures on an ongoing basis.

#### ● Follow-up on security self-inspections

The JRW-CSIRT secretariat directly inspects all JRW-CSIRT member companies for important inspection items. They communicate with each workplace to confirm the situation and provide support, thereby mitigating risks as quickly as possible.

#### ■ Continuously improving information system security measures



#### ● Providing IT shared services that meet the guidelines

To support improvements at each company, we provide shared services and common systems and tools that meet the guidelines, thereby reducing the burden of conducting self-inspections and adopting tools in each organization.

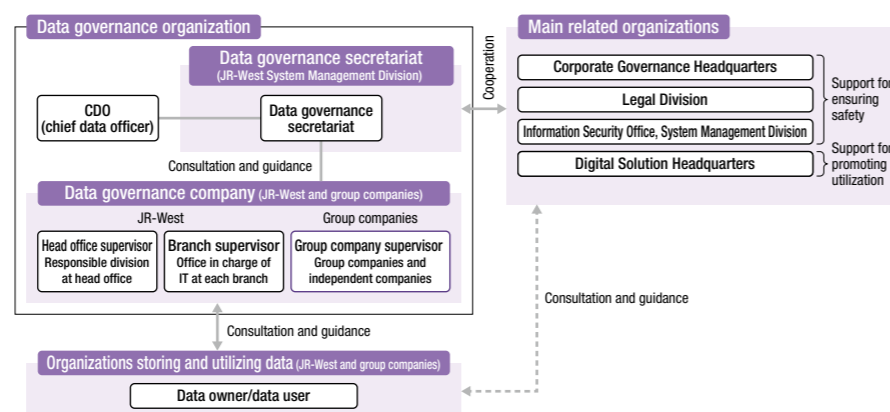
### Data utilization in the JR-West Group

Based on the JR-West Group Data Utilization Policy, we have established a group-wide data governance framework to efficiently and safely share and utilize data, and we are working to further the utilization and ensure the safety of data transactions. To realize this, we hold training sessions three times a year and implement the following actions.

#### ● Promoting utilization

We conduct awareness-raising activities, such as introducing case studies from other companies, once a month, and we visualize data by formulating a data catalog that summarizes data held by the JR-West Group.

#### ■ Data governance framework



#### ● Ensuring safety

By making a data transaction application form, checklist, and contract template available, we ensure that everyone can properly manage and contain risks. In addition, we provide consultations on data utilization.

### Setting information security KPIs and commending outstanding group companies

#### ● Setting information security KPIs

We set information security KPIs for JRW-CSIRT member companies and quantitatively evaluate the status of the security measures taken. We implement consistent security measures. Specifically, we share common goals with every department and group company by setting group-wide KPIs for items such as inspection of systems based on guidelines, spear-phishing email training, and number of employees participating in security training.

#### ● Commending outstanding group companies

Group companies that have achieved particularly outstanding results, such as 100% compliance rate with countermeasures in system inspections, zero recipients opening the simulated phishing email in the spear-phishing email training, and 50% or more employees securing information security leader certification are commended as outstanding companies. We highlight the information security activities at each group company as we strive to motivate our employees to continue tackling information security.

#### ■ KPIs for information security

- Inspection of systems based on guidelines  
Rate of compliance with countermeasures: **100%**
- Spear-phishing email training  
Percentage of recipients who did not issue a report after opening the test email: **Less than 1%**
- Number of security training participants  
Percentage of employees with information security leader certification: **10% or more**

#### ■ Scene from a ceremony awarding outstanding group companies



### Security measures in preparation for Expo 2025

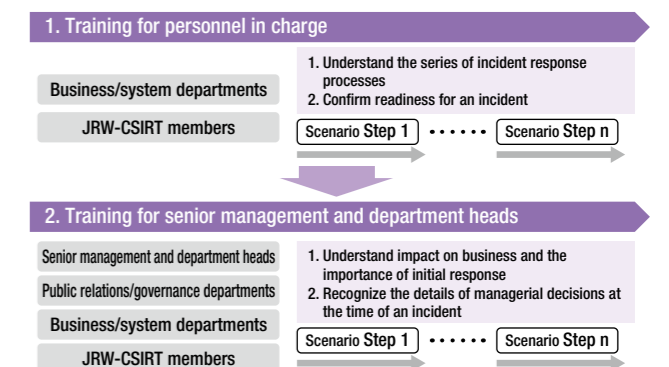
In preparation for Expo 2025, which will begin in April 2025, we are implementing the following measures to respond to intensifying cyberattacks.

#### ● Improving cyber resilience in the event of an incident

We conduct desktop training for JRW-CSIRT member companies, simulating the shutdown of critical systems owned by each company and the leakage of confidential information. This training is intended not only for system personnel to understand the series of incident response processes, but also for senior management to understand the management decisions they need to make in the event of an incident; therefore, it is conducted with senior management in attendance.

Also, in the event of an incident or potential risk that requires immediate action by the JR-West Group or other companies, we immediately hold a briefing to deepen understanding of the incident and promptly respond to it.

#### ■ Incident response training



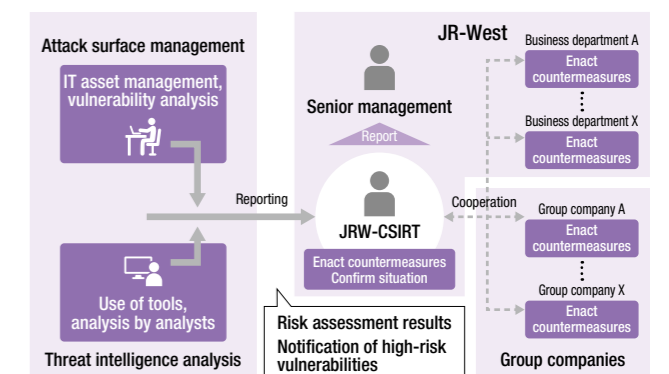
#### ● Active cyber defense

We combine threat intelligence with attack surface management to analyze externally disclosed IT assets from the attacker's perspective and continuously monitor the latest cyber threats. We also strengthen preventive cybersecurity by proactively taking measures against threats we discover.

#### ● Strengthening ties with government and other organizations

We are strengthening cooperation with external organizations, including participation in NISC's effort to strengthen public-private partnerships for Expo 2025 (JISP), while working to share information during normal times and respond quickly in emergency situations.

#### ■ Active cyber defense



## 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>	FY2022			FY2023			FY2024 <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	3,051,247	1,397,268	4,448,516	3,084,498	1,551,292	4,635,790	3,470,410★	1,829,742★	5,300,151★
(Restated) Scope 1+2	The sum of Scope 1 and 2	1,323,874	202,778	1,526,652	1,285,956	206,248	1,492,204	1,552,325★	229,975★	1,782,300★
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)	81,378	60,783	142,161	79,795	64,808	144,604	78,182★	62,623★	140,805★
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	1,242,496	141,995	1,384,491	1,206,160	141,440	1,347,600	1,474,144★	167,352★	1,641,495★
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)	1,727,373	1,194,491	2,921,864	1,798,542	1,345,043	3,143,585	1,918,084★	1,599,767★	3,517,851★
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	810,510	696,810	1,507,320	845,897	853,667	1,699,564	973,685★	1,001,493★	1,975,177★
Cat.2 Capital goods	Calculated by multiplying the annual amount of capital investment by the relevant emission factor	698,535	234,894	933,429	728,225	230,620	958,845	710,858★	327,567★	1,038,425★
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	207,748	49,262	257,010	210,138	52,159	262,297	219,916★	51,901★	271,816★
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	4,197	24,896	29,093	6,207	23,586	29,793	5,726★	37,089★	42,814★
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	925	987	1,912	2,833	3,022	5,855	2,779★	3,007★	5,786★
Cat.7 Employee commuting	Calculated by multiplying the number of employees/number of working days by the relevant emission factor	5,458	5,777	11,235	5,242	5,569	10,811	5,121★	5,547★	10,668★
Cat.11 Use of sold products	Calculated by multiplying the total floor area of sold property by the relevant emission factor	-	11,468	11,468	-	9,201	9,201	-	15,865★	15,865★
Cat.12 End-of-life treatment of sold products <sup>5</sup>	Calculated by multiplying the total floor area of sold property by the relevant emission factor	-	300	300	-	2,089	2,089	-	853★	853★
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.	-	170,098	170,098	-	165,131	165,131	-	156,446★	156,446★

<sup>1</sup> Items covered by third-party assurance are marked with a ★.  
<sup>2</sup> The scope of calculation for group companies encompasses all consolidated subsidiaries and Osaka Energy Service Co., Ltd., a group company with particularly large energy consumption.  
<sup>3</sup> 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. 2.6 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. 3.4 and the IDEA LCI Database ver. 2.3 (Sustainable Management Promotion Organization).  
<sup>4</sup> Scope 2 CO<sub>2</sub> emissions are market standards.  
<sup>5</sup> 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.

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>	FY2022			FY2023			FY2024 <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
Total water withdrawal	Total for public water supply, groundwater, and industrial-use water	4,089	2,986	7,075	3,988	4,183	8,171	4,115★	4,608★	8,723★
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	3,265	3,756	7,022
Groundwater	Aggregate the measured values from meters managed in accordance with the Measurement Act	600	346	946	606	838	1,444	607	851	1,458
Industrial-use water	Aggregate the usage amount on the bill from the waterworks bureau	317	3	320	300	1	301	243	0	243
Recycled water		94	67	162	124	141	264	136	59	195
Total amount of wastewater	Total discharge into rivers and sewerage	3,835	3,217	7,052	4,028	4,019	8,047	4,070	4,483	8,554
Total discharge into rivers		455	21	477	410	28	438	442	34	476
Sewerage		3,380	3,196	6,576	3,618	3,991	7,609	3,629	4,449	8,078

<sup>1</sup> Items covered by third-party assurance are marked with a ★.  
<sup>2</sup> The scope of calculation for group companies encompasses all consolidated subsidiaries and Osaka Energy Service Co., Ltd., a group company with particularly large energy consumption.  
<sup>3</sup> Calculations are made with reference to the Environmental Reporting Guidelines of the Ministry of the Environment.

## Third-party assurance



### Fiscal 2024 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 (thousand GJ) <sup>3</sup>	31,713★ [ 27,406★ ]
Electricity (billion kWh)	3.38 [ 3.04 ]
Kerosene (kl)	2,519 [ 2,437 ]
Gasoline (kl)	2,203 [ 805 ]
Propane gas (t)	364 [ 351 ]
Diesel oil (kl)	34,739 [ 23,698 ]
Class A heavy oil (kl)	1,374 [ 654 ]
Utility gas (thousand m <sup>3</sup> )	15,631 [ 1,841 ]

OUTPUT (Industrial waste) <sup>1+2</sup>	
Used materials (facility construction) (thousand tons)	123.6
Recycled volume (thousand tons)	119.9
Recycled rate (%)	97.0
Used materials (rolling stock) (thousand tons)	26.5
Recycled volume (thousand tons)	26.2
Recycled rate (%)	98.7
Industrial waste <sup>4</sup> (thousand tons)	171.7★ [ 9.3★ ]
Of which is plastic industrial waste (thousand tons) <sup>5</sup>	21.0 [ 4.6 ]
Hazardous waste (PCBs) (t)	1,110
Station and onboard garbage (thousand tons)	8.4
Of which is recyclable (thousand tons)	2.7
Recycled volume (thousand tons)	2.7
Recycled rate (%)	99.5
Amount of products provided that use specified plastics (t) <sup>6</sup>	49.1 [ 0 ]

<sup>1</sup> The scope of calculation for group companies encompasses all consolidated subsidiaries and Osaka Energy Service Co., Ltd., 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.  
<sup>2</sup> 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).  
<sup>3</sup> Total energy consumption is the sum of energy consumption for electricity, fuel, and heat consumption.  
<sup>4</sup> 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.  
<sup>5</sup> 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.  
<sup>6</sup> 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.

# Human resource strategy

## Non-financial data (human resources)

Item	Unit		Results					Remarks (scope of reporting, etc.)		
			2019	2020	2021	2022	2023			
Human resource cultivation	Total training hours	Hours	*1	-	-	355,531	454,914	1,371,701	Regular employees	
	Training time per employee	Hours	*1	-	-	11.1	20.2	62.0	Regular employees	
	Qualifications acquisition support	Persons	*1	538	397	670	544	2164		
		Thousand yen		9,300	7,310	13,350	10,414	66,979		
	Training attendance rate of new managers	%	*1	98.1	100	100	100	100	Regular employees excluding healthcare workers	
	Internal promotion rate of managers	%	*1	99.8	99.7	99.6	98.6	97.0	Regular employees excluding healthcare workers	
	Internal promotion rate of executive officers, etc.	%	*1	97.2	97.3	97.3	97.7	98.0		
	Next-generation senior management human resource reserve ratio	%	*1	-	-	-	167	221	Candidate readiness rate for key positions	
Diversity and inclusion	Employees	Full-time employees	Persons	*2	32,101	31,906	31,173	29,665	28,438	
		Part-time employees	Persons	*2	230	333	426	511	596	
		Percentage of female employees	%	*2	14.1	14.4	14.8	14.8	15.2	
		Percentage of employees rehired after retirement	%	*2	8.4	11.1	13.6	15.2	15.6	
		Percentage of fixed-term contract employees	%	*2	5.8	5.0	3.8	3.0	2.2	
		Percentage of mid-career hires	%	*2	10.4	11.8	12.9	13.8	16	Regular employees
		Percentage of managers	%	*2	5.4	5.6	5.7	6.1	6.2	Regular employees
		Percentage of women among managers	%	*2	2.2	2.3	2.3	2.3	2.8	Managers. 3.3% as of March 31, 2024 (Excluding employees seconded from other companies, etc.)
		Percentage of mid-career hires among managers	%	*2	4.3	4.3	4.3	4.2	4.5	Managers
		Percentage of women in leadership positions	%	*2	2.7	3.2	3.9	4.6	5.4	Regular employees. 5.9% as of March 31, 2024 (Excluding employees seconded from other companies, etc.)
	Executives	Percentage of women in leadership positions (excluding managers)	%	*2	2.9	3.4	4.4	5.3	6.2	Regular employees. 6.7% as of March 31, 2024 (Excluding employees seconded from other companies, etc.)
		Number of career-track foreign employees	Persons	*2	8	9	11	11	10	Regular employees
		FTE (full-time equivalent)	FTE	*2	32,249	32,109	31,420	29,953	28,768	Calculated based on standard working hours (7 hr. 45 min.)
		Percentage of employees with disabilities	%	*3	2.69	2.85	2.83	2.86	2.94	Total including special subsidiary JR-West Iwill Co., Ltd.
		Percentage of employees belonging to a labor union	%	*2	96.5	96.5	96.6	98.2	96.5	Regular employees
		Percentage of employees covered by collective agreements	%	*2	96.5	96.4	96.6	98.2	96.5	Regular employees
		Number of directors	Persons	*1	15	15	13	17	17	
Number of female directors	Persons	*1	1	1	1	2	3			
Percentage of women among directors	%	*1	6.7	6.7	7.7	11.8	17.6			
Number of outside directors	Persons	*1	5	5	5	8	8			
Percentage of outside directors among directors	%	*1	33.3	33.3	38.5	47.1	47.1			
Number of executives	Persons	*1	47	49	47	52	60			
Number of female executives	Persons	*1	2	3	3	4	5			
Percentage of women among executives	%	*1	4.3	6.1	6.4	7.7	8.3			

Item	Unit		Results					Remarks (scope of reporting, etc.)		
			2019	2020	2021	2022	2023			
Diversity and inclusion	Wages	Mean wage (men)	Thousand yen	*1	6,516	6,060	5,632	5,868	6,507	All employees including part-time employees
		Mean wage (women)	Thousand yen	*1	4,482	4,359	4,209	4,552	5,203	All employees including part-time employees
	Hiring and turnover	Number of new regular employees	Persons	*1	981	837	622	360	683	
		Number of new female regular employees	Persons	*1	258	212	191	113	132	
		Percentage of women among new regular employees	%	*1	25.7	24.7	29.7	31.4	19.3	
		Average cost of hiring per FTE	Thousand yen	*1	249	244	236	271	146	Excluding healthcare workers and managers
		Retention rate of new graduate hires (after 3 years)	%	*2	94	93	92	94	89	Regular employees excluding healthcare workers
		Retention rate of new graduate hires (after 5 years)	%	*2	91	89	91	88	82	Regular employees excluding healthcare workers
	Employee turnover rate	%	*1	-	-	5.3	6.1	5.7		
	Voluntary turnover rate	%	*1	-	-	2.4	2.6	2.3		
	Childcare and nursing care	Number of employees taking childcare leave	Persons	*1	-	-	1,315	1,466	1,571	*New postpartum partner leave available from October 2022
		Number of men taking childcare leave	Persons	*1	-	-	572	756	869	*New postpartum partner leave available from October 2022
		Childcare leave utilization rate of male employees	%	*1	22.0	31.5	37.8	54.8	67.0	*New postpartum partner leave available from October 2022
		Return-to-work rate after childcare leave	%	*1	99.3	99.2	98.7	*	99.2	Regular employees
		Percentage of employees who came back after childcare leave	%	*1	-	-	92.8	98.4	98.6	
		Number of employees using reduced working days system	Persons	*1	485	569	623	740	723	Work system that allows employees to reduce the number of working days per month by 2, 4, or 8 days
	Work style	Number of employees using short working hours system	Persons	*1	154	166	174	165	112	
Number of employees taking nursing care leave		Persons	*1	23	21	21	13	8		
Total actual hours worked per employee per year		Hours	*1	1739.6	1743.3	1743.8	1726.2	1729.3	Regular employees and senior (rehired) employees	
Work engagement	Monthly average overtime hours per employee	Hours	*1	12.3	9.1	9.1	10.6	11.3	Regular employees and senior (rehired) employees	
	Annual paid leave utilization rate	%	*1	91.0	86.5	86.5	97.5	92.5	Regular employees and senior (rehired) employees	
	Percentage of employees who were found to have problems on regular health checks	%	*1	46.9	46.2	47.3	46.2	46.4		
	Percentage of smokers	%	*1	25.3	23.2	22.8	22.2	22.1		
	Percentage of heavy drinkers	%	*1	12.5	11.5	11.2	11.0	10.7		
	Percentage of regular exercisers	%	*1	20.3	23.2	25.0	26.8	26.5		
	Response rate to physician referrals based on regular health checks	%	*1	66.4	61.4	60.1	56.5	57.6		
	Percentage of comprehensive health exam recipients	%	*1	47.9	43.4	46.8	48.1	49.4		
	Percentage of specific health guidance recipients	%	*1	67.0	76.8	72.2	75.8	77.1		
	Percentage of employees experiencing high stress	%	*1	4.5	4.9	5.0	5.5	6.0		
Ratio of lively workplaces	%	*4	51	88	77	64	60			

\*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.

# 11-Year Financial Summary (FY2014–FY2024)

Years ended March 31

Unit: Billion yen

	2014	2015	2016	2017	2018 <sup>10</sup>	2019	2020	2021	2022 <sup>11</sup>	2023	2024
<b>Consolidated balance sheets</b>											
Total assets	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	<b>3,777.9</b>
Total liabilities	1,880.5	1,939.7	1,916.8	1,975.2	1,955.5	20,577	2,052.1	2,523.4	2,628.2	2,591.1	<b>2,552.9</b>
Net assets	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>1,224.9</b>
<b>Consolidated statements of income</b>											
Operating revenue (revenue from third parties)	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	<b>1,635.0</b>
Transportation	851.3	868.4	928.7	929.1	950.8	<b>953.9</b>	933.4	476.8	544.1	750.3	—
Mobility	—	—	—	—	—	—	—	—	—	—	<b>986.4<sup>12</sup></b>
Retail	240.1	220.1	232.0	233.9	239.8	<b>245.5</b>	226.0	142.2	124.2	169.4	<b>197.0</b>
Real estate	102.2	87.2	108.8	109.5	139.6	148.5	165.1	145.7	151.1	170.0	<b>217.7</b>
Travel and regional solutions <sup>13</sup>	(41.5)	(42.5)	(41.6)	(42.0)	(41.3)	(40.5)	(42.3)	(18.7)	(95.9)	(162.9)	<b>206.0</b>
Other businesses	137.1	174.4	181.5	1,68.8	170.0	181.3	183.6	1,333	211.5	<b>305.6</b>	<b>27.8</b>
Operating income	134.5	139.7	181.5	176.3	191.3	<b>196.9</b>	160.6	(245.5)	(119.0)	83.9	<b>179.7</b>
Transportation	91.0	100.6	125.1	121.7	130.3	<b>136.2</b>	105.3	(252.1)	(144.3)	24.4	—
Mobility	—	—	—	—	—	—	—	—	—	—	<b>114.4<sup>12</sup></b>
Retail	4.4	1.5	5.3	5.2	7.2	6.1	3.8	(15.0)	(8.6)	5.6	<b>13.0</b>
Real estate	27.7	25.1	32.7	32.2	35.7	35.6	34.9	29.2	30.0	36.7	<b>40.6</b>
Travel and regional solutions <sup>13</sup>	(0.8)	(0.6)	(0.4)	(0.6)	(0.2)	(0.2)	(1)	(7.3)	(2.4)	(6.0)	<b>7.8</b>
Other businesses	11.8	15.6	<b>22.4</b>	20.4	19.9	21.2	19.7	(5.1)	2.9	17.2	<b>4.2</b>
Recurring profit	112.9	121.9	162.2	160.7	177.7	<b>183.3</b>	148.3	(257.3)	(121.0)	73.6	<b>167.3</b>
Profit attributable to owners of parent	65.6	66.7	85.8	91.2	<b>110.4</b>	102.7	89.3	(233.2)	(113.1)	88.5	<b>98.7</b>
<b>Consolidated statements of cash flows</b>											
Cash flows from operating activities	237.7	223.6	259.8	234.1	275.1	289.7	240.1	(103.2)	(86.4)	273.9	<b>318.3</b>
Cash flows from investing activities	(165.3)	(212.9)	(233.2)	(295.8)	(166.3)	(247.4)	(268.6)	(211.6)	(188.7)	(214.9)	<b>(243.6)</b>
Cash flows from financing activities	(47.8)	1.6	(31.3)	44.3	(71.4)	(7.1)	(29.1)	446.7	384.6	(88.7)	<b>(131.6)</b>
<b>Key management indicators (consolidated)</b>											
Return on total assets (ROA) (%) <sup>1</sup>	5.1	5.1	6.4	6.0	6.3	6.2	4.9	(7.3)	(3.3)	2.3	<b>4.8</b>
Return on equity (ROE) (%) <sup>2</sup>	8.6	8.4	10.2	10.0	11.3	9.8	8.1	(23.7)	(12.4)	8.8	<b>9.2</b>
Equity ratio (%)	29.2	28.8	30.9	31.3	33.2	33.3	34.1	24.5	26.2	27.7	<b>29.3</b>
Interest-bearing debt balance (consolidated)	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	<b>1,563.4</b>
Net interest-bearing debt / EBITDA <sup>3</sup>	3.3	3.3	2.8	2.9	2.7	2.7	2.9	(19.2)	32.8	5.6	<b>3.9</b>
Debt-equity ratio (times) <sup>4</sup>	1.3	1.3	1.1	1.1	1.0	1.0	0.9	1.8	1.8	1.6	<b>1.4</b>
EBITDA (¥ billion) <sup>5</sup>	288.5	289.3	338.1	339.1	356.1	361.3	332.2	(70.8)	42.9	243.6	<b>343.0</b>
Earnings (net income) per share (EPS) (¥)	338.98	344.58	443.53	471.52	570.52	533.31	466.88	(1,219.71)	(516.06)	363.26	<b>405.25</b>
Book-value (net assets) per share (BPS) (¥) <sup>6</sup>	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	<b>4,537.76</b>
Dividend per share (¥)	115	125	135	140	160	175	182.5	100	100	125	<b>142</b>
Payout ratio (%)	33.9	36.3	30.4	29.7	28.0	32.8	39.1	—	—	34.4	<b>35.0</b>
Total return ratio (%) <sup>7</sup>	—	—	—	—	—	42.5	50.3	—	—	34.4	<b>35.0</b>
Dividend on equity (DOE) (%) <sup>8</sup>	2.9	3.1	3.1	3.0	3.2	3.2	3.2	1.9	2.4	3.0	<b>3.2</b>
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>3.2</b>
<b>Other items</b>											
Depreciation and amortization (consolidated)	153.9	149.5	156.6	162.7	163.5	163.1	170.4	173.4	160.8	159.6	<b>163.3</b>
Capital expenditures (consolidated)	166.7	225.6	233.1	192.4	169.4	245.3	254.5	216.6	213.1	214.6	<b>248.9</b>
Capital expenditures (non-consolidated)	144.5	186.4	198.7	159.8	127.8	190.9	176.2	167.4	149.4	155.9	<b>163.3</b>
(Restated) Safety-related investment	89.3	90.2	126.0	105.0	83.2	1,252	116.1	105.1	83.0	73.2	<b>100.1</b>
Number of employees at work (consolidated; as of March 31)	46,006	47,565	47,456	47,382	47,869	47,842	48,323	47,984	46,779	44,897	<b>44,366</b>
Number of employees at work (non-consolidated; as of March 31)	27,300	26,886	26,555	25,821	25,291	24,866	24,439	23,900	22,715	21,727	<b>21,314</b>

Unit: Billion yen

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total transportation revenue</b>											
Shinkansen	364.4	375.9	437.2	434.6	447.7	457.0	441.2	165.5	211.6	351.6	<b>447.7</b>
Kansai urban area (Kyoto-Osaka-Kobe area)	292.1	296.2	302.2	305.0	309.0	308.1	307.5	194.4	210.7	256.7	<b>294.2</b>
Other lines	123.9	124.8	110.5	110.0	111.0	108.2	108.1	59.4	65.3	86.0	<b>98.5</b>

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 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.  
11 Effective from the fiscal year ended March 31, 2022, JR-West has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020).  
12 Segment classification was changed in the fiscal year ended March 31, 2024.  
13 Up until the fiscal year ended March 31, 2023, the travel and regional solutions figures are included in other businesses. These figures are restated in parentheses.

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, 2023)	Current consolidated fiscal year (March 31, 2024)
<b>Assets</b>		
Current assets		
Cash	290,138	<b>233,465</b>
Notes and accounts receivable-trade	43,886	<b>58,437</b>
Railway fares receivable	41,472	<b>52,676</b>
Accounts receivable	115,535	<b>114,129</b>
Securities	36	—
Inventories	153,234	<b>160,631</b>
Other current assets	73,844	<b>82,161</b>
Less allowance for doubtful accounts	(1,616)	<b>(537)</b>
Total current assets	716,532	<b>700,963</b>
Non-current assets		
Property, plant, and equipment		
Buildings and structures	1,230,595	<b>1,236,295</b>
Machinery and transport equipment	399,001	<b>414,075</b>
Land	782,965	<b>806,288</b>
Construction in progress	117,193	<b>122,667</b>
Other property, plant, and equipment	51,447	<b>54,097</b>
Total property, plant, and equipment	2,581,205	<b>2,633,423</b>
Intangible assets	49,254	<b>46,490</b>
Investments and other assets		
Investments in securities	101,980	<b>127,931</b>
Net defined benefit asset	3,173	<b>4,564</b>
Deferred tax assets	232,895	<b>207,161</b>
Other investments and assets	53,558	<b>60,497</b>
Less allowance for doubtful accounts	(3,761)	<b>(3,306)</b>
Total investments and other assets	387,846	<b>396,848</b>
Total non-current assets	3,018,306	<b>3,076,763</b>
Deferred assets		
Share issuance cost	668	<b>196</b>
Total deferred assets	668	<b>196</b>
<b>Total assets</b>	<b>3,735,507</b>	<b>3,777,923</b>

Unit: Million yen

	Prior consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	66,020	<b>59,894</b>
Short-term loans payable	17,483	<b>19,298</b>
Current portion of bonds	100,000	<b>60,000</b>
Current portion of long-term loans payable	39,553	<b>77,130</b>
Current portion of long-term payables for acquisition of railway properties	1,245	<b>1,327</b>
Accounts payable	122,108	<b>163,458</b>
Accrued consumption tax	23,451	<b>25,326</b>
Accrued income tax	13,600	<b>13,422</b>
Inter-line fares received	2,240	<b>4,147</b>
Deposits received	119,536	<b>131,092</b>
Prepaid railway fares received	37,244	<b>38,339</b>
Advances received	44,052	<b>37,512</b>
Allowance for bonuses	29,540	<b>36,251</b>
Allowance for loss on disaster	396	<b>2,575</b>
Allowance for point program	706	<b>143</b>
Other current liabilities	41,283	<b>40,254</b>
Total current liabilities	658,464	<b>710,175</b>
Non-current liabilities		
Bonds	859,992	<b>799,994</b>
Long-term loans payable	557,482	<b>519,855</b>
Long-term payables for acquisition of railway properties	97,436	<b>96,108</b>
Deferred tax liabilities	1,474	<b>1,807</b>
Allowance for large scale renovation of Shinkansen infrastructure	29,166	<b>33,333</b>
Allowance for environmental safety measures	3,414	<b>2,255</b>
Allowance for loss on liquidation of railway belts	15,794	<b>30,292</b>
Net defined benefit liability	223,318	<b>211,647</b>
Other long-term liabilities	144,653	<b>147,491</b>
Total non-current liabilities	1,932,733	<b>1,842,786</b>
Total liabilities	2,591,198	<b>2,552,961</b>
<b>Net assets</b>		
Total shareholders' equity		
Common stock	226,136	<b>226,136</b>
Capital surplus	183,904	<b>183,939</b>
Retained earnings	626,108	<b>692,468</b>
Treasury stock, at cost	(1,378)	<b>(1,262)</b>
Total shareholders' equity	1,034,772	<b>1,101,282</b>
Valuation and translation adjustments		
Net unrealized holding gain on securities	1,061	<b>6,569</b>
Deferred gains or losses on hedges	(9)	<b>130</b>
Remeasurements of defined benefit plans	(1,347)	<b>(2,087)</b>
Total valuation and translation adjustments	(295)	<b>4,613</b>
Non-controlling interests	109,832	<b>119,064</b>
Total net assets	1,144,309	<b>1,224,961</b>
<b>Total liabilities and net assets</b>	<b>3,735,507</b>	<b>3,777,923</b>

## Consolidated Statements of Income

Unit: Million yen

	Prior consolidated fiscal year (from April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
Operating revenue	1,395,531	<b>1,635,023</b>
Operating expenses		
Transportation, other services and cost of sales	1,126,833	<b>1,239,576</b>
Selling, general, and administrative expenses	184,727	<b>215,698</b>
Total operating expenses	1,311,560	<b>1,455,275</b>
Operating income (loss)	83,970	<b>179,748</b>
Non-operating revenue		
Interest income	41	<b>57</b>
Dividend income	997	<b>879</b>
Dividends income of insurance	1,546	<b>1,549</b>
Transfer from administrative fee of contracted construction	1,646	<b>1,472</b>
Equity in earnings of affiliates	1,099	<b>1,379</b>
Reversal of allowance for doubtful accounts	1,708	<b>998</b>
Other	6,137	<b>3,639</b>
Total non-operating revenue	13,177	<b>9,977</b>
Non-operating expenses		
Interest expense	20,816	<b>20,101</b>
Other	2,711	<b>2,241</b>
Total non-operating expenses	23,528	<b>22,343</b>
Recurring income (loss)	73,619	<b>167,382</b>
Extraordinary profits		
Gain on sale of non-current assets	7,262	<b>4,066</b>
Gain on contributions received for construction	65,983	<b>17,105</b>
Compensation income for expropriation	1,406	<b>4,514</b>
Other	1,787	<b>5,218</b>
Total extraordinary profits	76,440	<b>30,904</b>
Extraordinary losses		
Loss on deduction of contributions received for construction from acquisition costs of property, plant, and equipment	63,493	<b>16,310</b>
Loss on reduction for expropriation, etc.	1,405	<b>4,370</b>
Provision of allowance for loss on liquidation of railway belts	—	<b>15,000</b>
Other	12,287	<b>17,424</b>
Total extraordinary losses	77,186	<b>53,105</b>
Profit (loss) before income taxes	72,873	<b>145,182</b>
Income taxes – Current	14,429	<b>17,102</b>
Income taxes – Deferred	(35,426)	<b>23,700</b>
Total income taxes	(20,997)	<b>40,803</b>
Profit (loss)	93,871	<b>104,379</b>
Profit attributable to non-controlling interests	5,342	<b>5,617</b>
Profit (loss) attributable to owners of parent	88,528	<b>98,761</b>

## Consolidated Statements of Comprehensive Income

Unit: Million yen

	Prior consolidated fiscal year (from April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
Profit (loss)	93,871	<b>104,379</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	2,442	<b>5,794</b>
Deferred gains or losses on hedges	(12)	<b>143</b>
Remeasurements of defined benefit plans, net of tax	(275)	<b>(373)</b>
Share of other comprehensive income of associates accounted for using equity method	(29)	<b>109</b>
Total other comprehensive income	2,125	<b>5,673</b>
Comprehensive income	95,996	<b>110,052</b>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	90,635	<b>103,670</b>
Comprehensive income attributable to non-controlling interests	5,361	<b>6,382</b>

## Consolidated Statement of Cash Flows

Unit: Million yen

	Prior consolidated fiscal year (from April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	72,873	<b>145,182</b>
Depreciation and amortization	159,655	<b>163,322</b>
Loss on deduction of contributions received for construction from acquisition costs of property, plant, and equipment	63,493	<b>16,310</b>
Loss on disposal of property, plant, and equipment	5,228	<b>5,601</b>
Gain (loss) on sales of non-current assets	(7,184)	<b>(3,594)</b>
Increase (decrease) in liability for retirement benefits	(15,416)	<b>(13,459)</b>
Increase (decrease) in allowance for doubtful accounts	(147)	<b>(1,533)</b>
Increase (decrease) in provision for employees' bonuses	6,055	<b>6,705</b>
Increase in allowance for large-scale renovation of Shinkansen infrastructure	4,166	<b>4,166</b>
Increase (decrease) in other provisions	(4,089)	<b>14,806</b>
Interest and dividend income	(1,039)	<b>(937)</b>
Interest expense	20,816	<b>20,101</b>
Equity in earnings of affiliates	(1,099)	<b>(1,379)</b>
Proceeds from contribution for construction	(65,983)	<b>(17,105)</b>
Decrease (increase) in notes and accounts receivable-trade	(37,305)	<b>(9,117)</b>
Decrease (increase) in inventories	(3,364)	<b>(6,492)</b>
Increase (decrease) in notes and accounts payable-trade	55,335	<b>24,688</b>
Decrease/increase in consumption taxes receivable/payable	15,073	<b>1,837</b>
Other	37,883	<b>5,500</b>
Subtotal	304,952	<b>354,603</b>
Interest and dividends income received	1,033	<b>934</b>
Interest paid	(20,633)	<b>(19,939)</b>
Income taxes paid	(11,388)	<b>(17,283)</b>
Net cash provided by operating activities	273,964	<b>318,314</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant, and equipment	(246,013)	<b>(249,352)</b>
Proceeds from sales of property, plant, and equipment	11,389	<b>4,964</b>
Contributions received for constructions	28,920	<b>23,325</b>
Purchases of investments in securities	(2,375)	<b>(22,327)</b>
Proceeds from sales of investments in securities	700	<b>1,422</b>
Net decrease (increase) in loans receivable	(1,304)	<b>3,561</b>
Other	(6,218)	<b>(5,245)</b>
Net cash used in investing activities	(214,902)	<b>(243,651)</b>
<b>Cash flows from financing activities</b>		
Net increase in short-term loans	1,217	<b>1,508</b>
Proceeds from long-term loans	18,600	<b>39,500</b>
Repayments of long-term loans	(71,572)	<b>(39,550)</b>
Proceeds from issuance of bonds	10,000	<b>—</b>
Redemption of bonds	(25,000)	<b>(100,000)</b>
Payment of long-term payables for acquisition of railway properties	(1,167)	<b>(1,245)</b>
Purchases of treasury stock	(963)	<b>(1)</b>
Cash dividends paid	(24,400)	<b>(32,290)</b>
Dividends paid to non-controlling interests	(235)	<b>(300)</b>
Other	4,756	<b>759</b>
Net cash (used in) provided by financing activities	(88,765)	<b>(131,620)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(29,703)	<b>(56,956)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	319,596	<b>289,893</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	—	<b>282</b>
<b>Cash and cash equivalents at end of year</b>	289,893	<b>233,218</b>