

Top Message

Business Strategy

We will continue to firmly fulfill our mission of “contributing to the development of Japan’s main transportation artery and social infrastructure” into the future.



Shunsuke Niwa,
President and Representative Director

My approach to management of JR Central

I am Shunsuke Niwa, the new President of Central Japan Railway Company as of April 1, 2023. I would like to express my sincere gratitude for your unwavering support of the management of the JR Central Group.

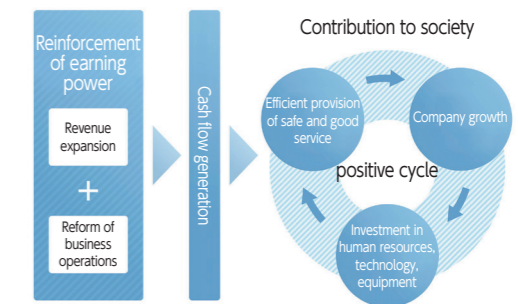
I would first like to explain my approach to management of JR Central.

As a railway operator, our top priority is safety. Trust in railway companies is built on the daily continuation of safety. We will constantly pursue safety in both physical and non-physical terms by steadily implementing capital investment and enhancing the competence of our employees through employee education and training.

The market area of JR Central’s railway business, which is the area connecting Tokyo, Nagoya, and Osaka, is Japan’s main transportation artery, which supports its economy and is in very strong demand. We have addressed this strong demand and grew our earnings by enhancing the transportation capacity of the Tokaido Shinkansen on the basic premise that safety is ensured and working to enhance customer convenience through measures such as improving the EX Service. However, we faced a very challenging business environment during the three years of the COVID-19 pandemic that began in 2020. In April 2020, under the declared state of emergency, the passenger volume of the Tokaido Shinkansen and conventional line express trains dropped by nearly 90% from the previous year. We felt a great sense of urgency as we posted significant deficits in both FY2020 and FY2021. Passenger volume and Group company earnings have recovered to a certain extent since FY2022, but the pandemic drastically changed people’s lifestyles and workstyles, urging us to look to new directions to earn revenue. This led us to develop a strategy of “Reinforcement of earning power,” which consists of two pillars: “revenue expansion” and “reform of business operations.” In October 2022, we presented our future vision of railways. By making company-wide efforts to realize this vision and generating cash flow, we will continue to create a positive cycle of investment and service improvement. As our employees,

including those of Group companies, work together to take on the challenge of the evolution and transformation of “Reinforcement of earning power,” I hope to build a more resilient management platform for the company than before the pandemic.

Reinforcing management resources for a positive investment and service improvement cycle



Meanwhile, we are vigorously pushing ahead with the Chuo Shinkansen Project, as nearly 60 years have passed since the launch of the Tokaido Shinkansen, our revenue pillar, necessitating thorough preparedness against future aging and potential large-scale disasters. By introducing a superconducting maglev system to the Chuo Shinkansen, the overwhelming travel time reduction will turn the three major metropolitan areas into a single megalopolis, significantly contributing to the revitalization of the Japanese society and economy. We are devoting our full efforts toward the commencement of service firstly to Nagoya while placing emphasis on construction safety, environmental protection and coordination with local communities.

Creating a positive cycle of “ESG management” to contribute to the development of Japan’s main transportation artery and social infrastructure

JR Central’s idea of ESG management is a management style of pursuing growth of the company while simultaneously generating economic value, such as profits and cash flows, and creating social value, which is the realization of a sustainable and prosperous society, through business activities. In light of this understanding, we have been practicing ESG management by generating economic value and creating social value simultaneously based on solid governance to enhance the trust of all stakeholders as we aim for long-term development under our management philosophy of contributing to the development of Japan’s main transportation artery and social infrastructure while at the same time establishing a safety-first corporate culture and ensuring soundness of management.

Specifically, we have been continually pursuing economic value by meticulously improving the punctuality and comfort of railway transportation services of the Tokaido Shinkansen, the main transportation artery of Japan, and conventional lines in the Tokai region, with safety as our top priority. We have also developed Group businesses with high synergy with the railway business, worked to reduce costs, improve efficiency, and Reinforcement of earning power, and secured cash flows by steadily increasing revenues and profits.

At the same time, we have contributed to realizing a more comfortable society and developing local communities by pursuing service safety, punctuality, and comfort in our business activities centered on the Tokaido Shinkansen, our main line of business. We have also continually sought to enhance environmental superiority by incorporating the latest technologies while promoting the use of railway transportation, which inherently has



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excellent environmental performance. The results of these business activities have led to the achievement of the "sustainable development" goals of the SDGs in the form of building a safe and resilient infrastructure, promoting innovation, and mitigating the impact of climate change. Furthermore, we have continually created social value by focusing on developing human resources that support the operation of the railway business and making daily efforts to achieve the SDGs from the perspective of promoting gender equality, creating a motivating workplace, and promoting employment.

Enhancing the strengths of human resources to become an organization full of momentum

Since joining JR Central in 1989, I have been long involved in human resource development and labor affairs in various divisions, from departments close to the front line to the head office. This is why I have a strong desire to maximize and utilize the power of "people." "People," "goods," "money," and "information" are often cited as the managerial resources of a company. It is "people" who think of and implement measures to generate cash flows, and human resources are a company's greatest business asset. The basic philosophy of our human capital management is to invest effectively in the education and training of recruited human resources and make the most of their improved abilities.

Many high-potential employees work at JR Central and Group companies. As I engaged in discussions with numerous employees, including young and mid-level employees, to overcome the difficult environment brought about by the pandemic, I met many employees who were full of ideas and a spirit of challenge, which made me convinced that we have the potential to overcome the difficult situation. I intend to maximize the potentials of our human resources and utilize it in the management of the company.

Fulfilling our role as a railway company rooted in the local community

Our conventional lines centered in the Nagoya and Shizuoka areas serve as a means of daily transportation, including commuting to and from work and school, for local customers. Due to the development of road networks and the proliferation of telework, the environment surrounding conventional lines has become difficult. However, JR Central has fulfilled its role as a local infrastructure provider by improving its operating efficiency and services. Between 2022 and 2023, we introduced the new limited express rolling stock Series HC85 for our express trains Hida and Nanki. We hope that more customers will enjoy a comfortable and joyful trip.

Railway stations, where train passengers and many other people gather, are important hubs for local communities. JR Central has taken advantage of such favorable locations to develop offices, commercial facilities, and hotels, significantly enhancing the appeal of railway stations and generating revenue. In October 2023, we also launched a point service that can be earned and used at the Group's commercial facilities. We will continue to devise ways to provide services that further enhance the satisfaction of the residents in local communities around railway stations.

Meanwhile, the Chuo Shinkansen faces the issue of not being able to start construction in the Southern Alps Tunnel Shizuoka construction area due in part to the concerns of local residents regarding the impact on the water resources of the Oi River and the environment of the Southern Alps. However, we have been committed to detailed two-way communication to resolve the concerns and anxieties of the local residents in light of the scientific and engineering discussions at the Expert Conference on

Using the abovementioned cash flows, i.e., economic value, as the source, we have developed even safer, more resilient and environmentally superior infrastructure, improved services, developed human resources that support the infrastructure and services, and promoted innovation to create social value. This has led to a positive cycle of providing better services and attracting more users. This positive cycle has also made it possible for us to realize the ongoing Chuo Shinkansen Project.

Based on these values, I will develop a corporate culture of "thinking freely, discussing a lot, and tenaciously getting the job done" while at the same time maintaining discipline and values such as teamwork and unity, which have sustained JR Central in the past. As the environment around us changes, I will work to create an organization full of momentum that can develop and implement various measures despite a difficult environment.

Diversity of discussion is essential to creating a strong organization. Particularly since we provide rail and other highly public services that are used by a wide range of customers, I believe it is vital that all of our employees from diverse backgrounds fully exercise their skills and play an active role in the company. By enhancing support systems for balancing work and life events such as childcare and nursing care and working on the Women's Empowerment Project, I will enable all employees, regardless of gender, to be motivated and fulfilled in their work more than ever for a long time and enrich their professional lives as they contribute to the company's development.

the Linear Chuo Shinkansen Shizuoka Section of the Construction Site, organized by the Ministry of Land, Infrastructure, Transport and Tourism. With regard to the impact on the use of water resources of the Oi River, we have been working to provide clear-cut explanations to local communities, flesh out ways to address and monitor risks, and realize methods to return to the Oi River the same amount of water as the amount of spring water flowing out from the tunnel to outside Shizuoka Prefecture on an exceptional basis during certain periods of construction, based on the interim report on the Oi River water resource issues prepared in December 2021 by the Expert Conference.



Promoting the use of environmentally friendly railways to contribute to global environment conservation

Railways have the excellent characteristic of higher energy efficiency and lower impact on the global environment than other means of transportation. I believe that railways can play a significant role in realizing a sustainable society. In order to further enhance this characteristic of railways, we have been implementing various measures, such as introducing energy-efficient rolling stock. Given the government's 2050 carbon neutrality goal, we aim to reduce CO₂ emissions to substantially zero to further increase the environmental superiority of railways. We will also reduce the impact on the global environment by reducing waste and recycling resources, including the effective use of "Tokaido Shinkansen recycled aluminum."

Recent initiatives include the commencement of solar power generation using the Tokaido Shinkansen's trackside slopes, which we

announced in November 2023. We believe this is a social contribution that is possible only for a railway company, utilizing previously unused assets to generate renewable energy.

In addition, we endorsed the recommendations of the TCFD* in May 2021 and in April 2022 conducted and disclosed the results of a quantitative analysis on facility damage of the Tokaido Shinkansen due to the increase in floods. This time, we have expanded our disclosure since we have completed our analysis of profit loss caused by heavy rain. We will continue to identify the risks and opportunities related to climate change and promote information disclosure.

*TCFD stands for Task Force on Climate-related Financial Disclosure.

Governance with an awareness of the balance among stakeholders

The railway business serves the public good and is supported by various stakeholders. We will enhance the trust of all stakeholders without focusing on certain interested parties and sustainably grow as a company to continue fulfilling our mission of "contributing to the development of Japan's main transportation artery and social infrastructure." Based on this stance, our basic policy for shareholder return is to maintain sound management while securing internal reserves to steadily promote various projects, including the Chuo Shinkansen Project, and to maintain stable dividends. Based on this policy, we continued to pay a certain amount of dividends even in periods when we posted a net loss due to the pandemic. We will first make efforts to quickly restore the business to its pre-pandemic state and then vigorously promote the various initiatives mentioned earlier to exceed our previous state of business.

Through long-term capital investments and human resource development, we will refine the characteristics of the Tokaido Shinkansen, Japan's main transportation artery, which are safety, punctuality, high speed, and frequency, and continue to strengthen the conventional lines in the Tokai region that form a network with the Tokaido Shinkansen, as well as Group businesses. In this context, we are promoting the Chuo Shinkansen Project to continue fulfilling our mission. I believe that the project will stabilize the company's management into the future and secure profits for all stakeholders, including our shareholders. I would like to thank all of our stakeholders for their continued support and understanding of the JR Central Group.

