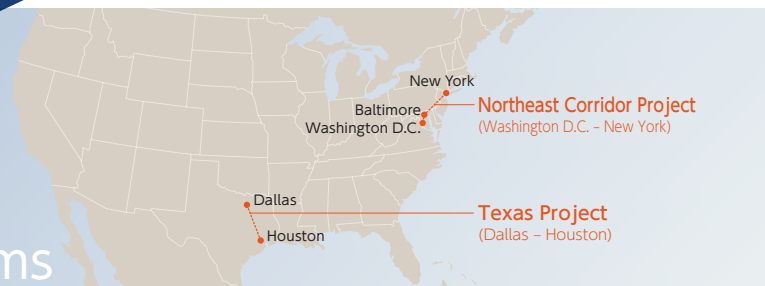


Creating "Social Value" –Social–

Overseas Deployment of High-Speed Railway Systems



Significance of overseas expansion

The expansion of high-speed rail systems overseas is expected to expand the market for related Japanese manufacturers and contribute to the maintenance and strengthening of technological capabilities, which in turn will flow back to JR Central in the form of a stable supply of materials and equipment, technological innovation, and cost reduction. It is an important initiative for JR Central to fulfill its mission of maintaining and developing Japan's main transportation artery in

perpetuity. Candidates for overseas expansion are countries and regions where we can expect to introduce complete systems on new high-speed passenger rail lines, where our superior high-speed rail systems can be used to their full potential. We also take into consideration that the candidate country/region has legal systems for intellectual property, etc., political stability, and economic power to make huge infrastructure investments. Given these conditions, we are currently targeting the United States.

Consulting & coordination business

Based on the belief that infrastructure that is fundamental to the local community and government, such as high-speed rail, should be owned and operated by the government or a company of the country or region, our policy for the overseas expansion of high-speed rail systems is to contribute to the project through consulting and other businesses, rather than becoming the business entity. Specifically, we propose to provide a complete

system that includes civil engineering structures, signaling equipment, rolling stock, operation management systems, and maintenance and repair, as well as provide consulting services necessary to ensure the safe and reliable operation of high-speed railways, including the preparation of technical specifications and operation and maintenance manuals, and the coordination of relevant Japanese companies.

Efforts in high-speed rail projects in the U.S.

We are continuing our efforts in the Texas Project, which aims to introduce the Tokaido Shinkansen system in Texas, and the Northeast Corridor Project, which aims to introduce SCMAGLEV (Superconducting MAGLEV) in the Northeast Corridor of the United States.

manufacturers to prepare for core system order contracts.

For the Northeast Corridor Project, we aim to introduce SCMAGLEV in the Northeast Corridor connecting Washington D.C. and New York and are carrying out promotional activities so that the Washington DC. - Baltimore section can proceed first under the cooperation of the Japanese and U.S. governments. Currently in the U.S., the Federal Railroad Administration and other organizations are conducting environmental impact assessments with U.S. federal grants. The Japanese government is also engaged in a research project to introduce SCMAGLEV in the U.S.

The Texas Project aims to connect two major cities in the state of Texas, Dallas and Houston, with the Tokaido Shinkansen high-speed rail system. The development entities, Texas Central Partners and its subsidiaries (hereinafter collectively referred to as "TC"), are working to develop the business, such as formulating technical specifications, preparing operation and maintenance plans, and raising construction funds. We provide technological consulting to TC through our local subsidiary, High-Speed-Railway Technology Consulting Corporation (HTeC). We are also working with Japanese

We intend to provide technical support when the project makes concrete progress.



Shinkansen inspection tour by U.S. Secretary of Transportation Pete Buttigieg

Technical consulting for Taiwan High Speed Rail

In response to a request for technical assistance from the Taiwan High Speed Rail Corporation, which operates Taiwan's high-speed rail system based on the Japanese system, we began providing technical consulting in FY2014 and have completed nine individual projects to date. Going forward, in addition to the construction work we have been supporting

since the planning stage, we will continue to respond to requests from the Taiwan High Speed Rail Corporation, such as providing technical support for the procurement of new cars based on the N700S, which the Corporation has decided to procure in 2023, and contribute to the Corporation's safe and reliable transportation services.

Efforts to promote the Japanese high-speed rail system as a global standard

We are continuing to work to establish the Japanese high-speed rail system, which is based on the principle of "Crash Avoidance," as a global standard through the International High-Speed Rail Association (IHRA).



IHRA Forum (left: main conference, right: technical visit)

Creating "Social Value" –Social–

Building Relationships with Material Suppliers



Policy on material procurement

In order to procure higher-quality and reliable materials at reasonable prices to support safe and reliable transportation, JR Central procures quality materials in Japan and from abroad based on its Basic Philosophy of Material Procurement. In particular, recognizing that quality is the most important factor, we conduct on-site quality audits at the plants of our suppliers, as well as investigate the technical level and manufacturing capabilities of suppliers and their business conditions, to check that the quality required for the products is ensured. We also strive to reduce costs by encouraging the entry of new suppliers, placing orders based on economies of scale, and rigorously assessing manufacturing costs, among other measures. In the railway business, which requires us to continue to fulfill our social mission in a stable and sufficient manner over a long period of time, it is also necessary to maintain the quality of the materials used in the business over the long term. Amid the recent drastic changes in the environment surrounding materials, such as the shortage of parts and materials and long delivery times, we are communicating closely with our suppliers and asking them

to provide a stable supply and after-sale care. In particular, we strive to place orders with multiple suppliers for materials that are essential to the daily operation of our trains so that we can avoid the risk of supply disruptions caused by earthquakes or other disasters. We also ask our suppliers to comply with relevant laws and regulations and to respect human rights. We review their efforts in these areas when starting business and periodically thereafter.

Suppliers are "partners" with whom we work to reduce costs while maintaining and improving product quality. Establishing continuing and stable business relationships with them enables us to procure high-quality products at reasonable prices, thereby contributing to the strengthening and development of the entire railway-related business in Japan, including our suppliers.

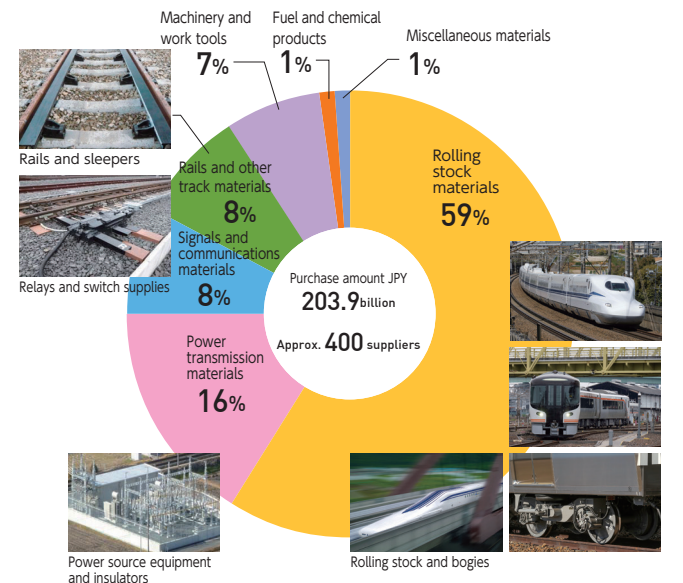


Conducting a quality audit of rolling stock components

Basic Philosophy of Material Procurement

- 1 Procurement prioritizes the maintenance of safe and reliable transportation
- 2 Procurement of high quality materials
- 3 Procurement of materials at reasonable prices
- 4 Pursuit of suppliers possessing a supply system capable of strictly adhering to contractual delivery deadlines
- 5 Pursuit of suppliers capable of building a continuing and stable business relationship
- 6 Pursuit of suppliers capable of supplying satisfactory after-sale care regardless of whether such service is needed during normal or emergency times
- 7 Pursuit of suppliers capable of adapting to diverse usage environments
- 8 Establishment of a satisfactory communication framework
- 9 Appropriate handling of information
- 10 Fair and equitable transactions
- 11 Pursuit of suppliers who give consideration to reducing the environmental burden
- 12 Compliance with relevant laws and regulations
- 13 Providing and updating website information on procurements

Actual procurement amount of main materials (FY2022)



Declaration of Partnership Building

In support of the "Declaration of Partnership Building" promoted by the government and business organizations, JR Central declares that it will focus its efforts on coexistence and co-prosperity throughout the supply chain, new business alliances that transcend company size and affiliation, and compliance with desirable trade practices between parent and subcontractors.

