

Excerpt of Corporate Governance Report (as of November 8, 2023)

JR Central has announced its stance on, and the initiatives it has put in place, in relation to the Corporate Governance Code (hereafter, "the Code") found within Corporate Governance Report*.

Further, The reasons for not implementing the principles of the code and matters disclosed based on each principle of the code are as follows.

* Corporate Governance Report can be found on the Japan Exchange Group, Inc. website.

The reasons for not implementing the principles of the Code

General principle	Supplementary principle	Disclosed contents
Principle 4-1 Roles and responsibilities of the Board of Directors (1)	Supplementary principle 4-1 2	<ul style="list-style-type: none"> In the railway business, which is our core business, the most important issue is to ensure safe and reliable transportation. Hence, our daily business, employee training, and capital investment are conducted with the highest priority on ensuring safe and reliable transportation. Therefore, we do not adopt a method of formulating a medium-term management plan covering our entire business and seeking to achieve management targets for a cross section of our business as of the end of the plan. Although we do not formulate such medium-term management plans and pursue numerical targets, we have engaged in the railway business from a long-term perspective. Specifically, long-term capital investments such as the ongoing construction of the Chuo Shinkansen and large-scale renovation works, anti-earthquake measures and rolling stock update plans for the Tokaido Shinkansen are decided from a long-term perspective and implemented steadily. Other major initiatives are also being promoted steadily, with plans and results announced as appropriate. We announce our annual earnings plan, priority measures and capital investment plan in light of the current management environment and continue to reinforce our management base steadily to maintain sound management through efficient business operation, based on the premise of ensuring safe and reliable transportation.
Principle 5-2 Establishing and Disclosing Business Strategies and Business Plans		

Disclosure based on Corporate Governance Code principles

General principle	Supplementary principle	Disclosed contents
Principle 1-4 Cross-shareholdings		<p>[1] Policy concerning cross-shareholdings Our strategy for cross-shareholdings is based on a general consideration of the necessity thereof and is grounded in the belief that maintaining and bolstering long-term and stable business relationships through holding other companies' stock facilitate our operations and enhance our corporate value over the medium to long term. If any of our cross-shareholdings are deemed to be unnecessary in light of this policy, we assess and divest from them.</p> <p>[2] Assesment of cross-shareholdings Our Board of Directors examines whether it is beneficial to retain specific cross-shareholdings after scrutinizing them in light of the medium- to long-term economic rationale and future outlook, the purpose of continuing to own such cross-shareholdings, and other factors.</p> <p>[3] Criteria for exercising voting rights In exercising the voting rights of cross-held shares, we carefully examine the details of each agenda item and decide whether to approve or disapprove, taking into consideration the improvement of our corporate value over the medium to long term, and the sustainable growth of our business partners, etc.</p>
Principle 1-7 Related party transactions		<p>Transactions by directors that would constitute competition with the Company or transactions between directors and the Company require the approval of and reporting to the Board of Directors in accordance with laws and regulations and the Rules of the Board of Directors. The existence of related party transactions between directors and their close relatives and the Company is checked with the directors on a regular basis each year.</p>
Principle 2-4 Ensuring internal diversity including the utilization of women	Supplementary principle 2-4 1	<p>JR Central believes that it is extremely important for management to employ diverse human resources and maximize their abilities for sustainable corporate growth. Based on this belief, sex, nationality, etc. are not considered in recruiting employees.</p> <p>Upon amendment of the Labor Standards Act, which prohibited late-night work by women in principle, in 1997, we started recruiting female employees in a large scale. Since then, the Company has appropriately evaluated aptitudes and abilities of employees without distinction between men and women and promoted them to appropriate positions based on the evaluation. As a result, the number of female employees as of the end of FY2022 was 2,325 (including 136 in management positions). A female employee was appointed as a Corporate Officer in June 2021 and another female was appointed as a Director in June 2022 for the first time in the Company's history. Female employees are active in many fields, including as Department General Managers and Section Managers.</p> <p>To further promote women's empowerment, the Women's Empowerment Project team has been in place since FY2020 directly under the General Manager of the Personnel Department. To improve the quality of human resources, it is necessary to create a company where all employees, regardless of gender, can feel motivated and fully exercise their abilities. Especially as a railway company, to provide services that satisfy diverse customers, JR Central believes that it is important to allow diverse employees to share ideas and exercise their abilities to the fullest regardless of their gender.</p>

Principle 2-4
Ensuring internal diversity including the utilization of women

Supplementary principle
2-4 1

Based on this belief, after repeated discussions, the Women's Empowerment Project has established the "positive action plan for promoting women's empowerment" and the "General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children." The positive action plan shows numerical targets for the period from FY2021 to FY2025, such as raising the hiring rate of women to 25% or more and increasing the number of female managers (those in positions of Assistant Manager and Supervisor levels or higher) to 1.5 times that of the end of FY2020 level, and efforts are being made to achieve them. For details of the numerical targets and the human resource development initiatives based on the targets, please see below.

► **Positive Action Plan for Promoting Women's Empowerment**

URL https://company.jr-central.co.jp/others/action_plan/_pdf/woman.pdf

► **General Employer Action Plans in Accordance with the Act for Measures to Support the Development of the Next Generation**

URL https://company.jr-central.co.jp/others/action_plan/_pdf/nurturing.pdf

At the same time, JR Central has been working to establish an environment in which employees can feel motivated and fulfilled in their work and play active roles for a long time and to improve their working conditions. For example, we have established a childcare leave period that exceeds the statutory period, a system to allow flexible work arrangements, a re-employment system for employees who quit due to childcare, etc., and a system to treat employees as having worked during their period of childcare leave in qualification for taking promotion exams. Various subsidy programs have also been established. Going forward, in order for all employees, regardless of gender, to be motivated to work with enthusiasm in active roles over many years, JR Central will make further efforts to enhance various programs.

Details of our human resource initiatives, including ensuring diversity, are provided in "Initiatives for Human Resources to Support JR Central's Sustainable Growth" of the Integrated Report. So please refer to the URL below.

Integrated Report: <https://global.jr-central.co.jp/en/company/ir/annualreport/index.html>

JR Central has worked to secure human resources with the necessary skills and aptitudes to support its future business, regardless of nationality, etc. Therefore, we do not see ourselves in a position to set specific measures or targets regarding promotion of foreigners to managerial positions.

Since most of the railway skills are improved to higher levels only through accumulation of experience, for which long-term employment is useful, we do not conduct large-scale mid-career recruitment. Therefore, we are not in a position at this moment to set measures or targets regarding promotion of mid-career hires to managerial positions. However, if the need arises for various measures due to changes in the business environment surrounding our company, we will consider the matter depending on the situation at that point.

Principle 2-6

Roles of Corporate Pension Funds as Asset Owners

This principle does not apply to the Company since it does not adopt a defined benefit pension plan. The Company adopts a defined contribution pension plan. Since management of said plan affects the asset formation of employees enrolled in the plan, the Company provides appropriate education on asset management.

[1] The Company was established as part of the reform of Japanese National Railways (JNR) in 1987 with the mission of maintaining and developing the Tokaido Shinkansen, Japan's main transportation artery linking Tokyo, Nagoya and Osaka, and the network of conventional lines in the Tokai area centered on Nagoya and Shizuoka in an integrated manner into the future. We have also established a management philosophy of "contributing to the development of Japan's main transportation artery and social infrastructure" as the direction to aim for as our business is set to expand in the future such as by operating three generations of railways: conventional lines, the Tokaido Shinkansen, and the Chuo Shinkansen. This management philosophy can be found on our website.

URL <https://global.jr-central.co.jp/en/company/about/outline.html>

• JR Central's basic policy is to continue to fulfill its aforementioned social mission stably and sufficiently over the long term by continually working to provide services that will be chosen by customers and improving business efficiency, with ensuring safe and reliable transportation as its top priority. This basic policy is described in the "Business Strategy" section of our Integrated Report, which can be found at the following link.

► **Integrated Report**

URL <https://global.jr-central.co.jp/en/company/ir/annualreport/>

• The specific measures to be implemented this fiscal year based on this basic policy are described in "Key Measures and Capital Investment," which can be found at the following link.

► **Key Measures and Capital Investment**

URL <https://global.jr-central.co.jp/en/company/ir/capital-investment/>

[2] Our basic approach to corporate governance is described in "1.1. Basic Approach" of this report.

[3] Our policies and procedures in determining the remuneration of directors are described in the "Disclosure of policy for determining the remuneration amount and its calculation method" section of "1.1. Organizational Composition and Operation" of this report.

[4] The appointment of directors and Audit and Supervisory Board members is conferred to General Meetings of Shareholders following a resolution of the Board of Directors concerning the appropriate election of candidates deemed to be the most fitting for the role as selected based upon a general consideration of their abilities, knowledge, work history, etc., irrespective of age, sex or nationality, based on a policy of ensuring the most appropriate system for conducting the Company's business. The appointment and dismissal of representative directors are carried out from the same perspective as the above in accordance with laws and regulations and the Rules of the Board of Directors.

	<p>From the perspective of ensuring the enhancement of objectivity and transparency in the determination of personnel changes, etc., of officers, JR Central established the Personnel Remuneration Committee consisting of a total of five members: four independent outside directors and the President and Representative Director. The Committee deliberates with the attendance of all of its members prior to resolutions at Board of Directors meetings regarding personnel changes, etc.</p> <p>Resolutions made by the Board of Directors regarding the determination of personnel changes, etc., are based on the content of deliberation by the Committee.</p> <p>[5] Candidates for director and Audit and Supervisory Board member are elected appropriately in light of their work history, etc., described in the General Shareholders Meeting Reference Materials. The Company makes the necessary disclosures concerning changes in representative directors in accordance with the criteria for timely disclosure established by the Tokyo Stock Exchange, Inc.</p>
<p>Principle 3-1 Full disclosure</p> <p>Supplementary principle 3-1 3</p>	<p>[1] Initiatives on sustainability Our specific initiatives on sustainability are described in the following sections, sub-sections and other parts of the Integrated Report as well as in our Securities Report: "Positive Cycle of ESG Management," "JR Central's ESG Management," "Building safe and resilient infrastructure," "Building Relationships with Material Suppliers," "Improving the Convenience of Facilities (Use of Barrier-Free Designs, Etc.)," "Cooperation with Local Communities," "Contribution to Global Environment Preservation."</p> <p>[2] Investments in human capital and intellectual property Investments in human capital and intellectual property are described in "Initiatives for human resources to support JR Central's sustainable growth" and "Promotion of Technological Development" of our Integrated Report.</p> <p>[3] Climate change-related risks and opportunities Regarding climate change, JR Central and the JR Central Group are working to reduce CO₂ emissions further, aiming to achieve net zero emissions in 2050 based on the Japanese government's 2050 carbon-neutrality policy, as well as reduce emissions by 46% in FY2030 compared to FY2013 levels. We have also expressed our support of the TCFD recommendations in May 2021 and will analyze climate change-related risks and opportunities to support stable business operations over the long term while contributing to the realization of a sustainable society. For further details, see "JR Central's ESG Management" and "Targets toward carbon neutrality and initiatives for the TCFD's recommendations." Our Integrated Report can be found at the following link.</p> <p>▶ The Integrated Report can be found at the following URL https://global.jr-central.co.jp/en/company/ir/annualreport/</p> <p>▶ Our approach to global environment conservation can be found at the following URL https://global.jr-central.co.jp/en/company/environment/</p>
<p>Principle 4-1 Roles and responsibilities of the Board of Directors (1)</p>	<p>Supplementary principle 4-1 1</p> <p>The Board of Directors makes decisions on matters stipulated in laws and regulations and the Articles of Incorporation, matters delegated by the General Meeting of Shareholders, and important matters concerning business execution. The specific matters are set forth in the Rules of the Board of Directors. Furthermore, the Board of Directors designates the division of duties among directors and the responsibilities of corporate officers. It also defines the matters under the control of the departments and the authority of the departments according to the internal rules to clarify the scope of delegation to directors and corporate officers.</p>
<p>Principle 4-9 Independence standards and qualification for Independent Directors</p>	<p>The level of independence of each outside director and outside Audit and Supervisory Board member is judged in accordance with the criteria for independence established by the Tokyo Stock Exchange in order to ensure that the opinions provided are formed from an independent standpoint and are based on the high degree of experience and insight accumulated outside the Company.</p>
<p>Principle 4-10 Utilization of arbitrary mechanism</p>	<p>Supplementary principle 4-10 1</p> <p>From the perspective of ensuring the enhancement of objectivity and transparency in the determination of personnel changes, remuneration, etc., of officers, the Company has established the Personnel Remuneration Committee consisting of a total of five members: four independent outside directors (Haruo Kasama, Taku Oshima, Tsuyoshi Nagano, Hiroko Kiba) and the President and Representative Director (Shunsuke Niwa). The Committee deliberates with the attendance of all of its members prior to resolutions at Board of Directors meetings regarding personnel changes and remuneration, etc. Independent outside directors provide opinions based on their experience as corporate managers, public prosecutor and lawyer. Resolutions made by the Board of Directors regarding the determination of personnel changes, remuneration, etc., are based on the content of deliberation by the Committee. The secretariat is established in the Secretarial Department.</p>
<p>Principle 4-11 Premises for ensuring the effectiveness of the Board of Directors and the Audit and Supervisory Board</p>	<p>Supplementary principle 4-11 1</p> <p>The appointment of directors is conferred to General Meetings of Shareholders following a resolution of the Board of Directors concerning the appropriate election of candidates deemed to be the most fitting for the role as selected based upon a general consideration of their abilities, knowledge, work history, etc., irrespective of age, sex or nationality. The number of directors and the division of their roles are determined based upon a general consideration of the progress of ongoing projects under a policy of establishing the most appropriate system for conducting the Company's business. From the perspective of ensuring the enhancement of objectivity and transparency in the determination of personnel changes, etc., of officers, the Company has established the Personnel Remuneration Committee consisting of a total of five members: four independent outside directors and the President and Representative Director. The Committee deliberates with the attendance of all of its members prior to resolutions at Board of Directors meetings regarding personnel changes, etc. Resolutions made by the Board of Directors regarding the determination of personnel changes, etc., are based on the content of deliberation by the Committee.</p>

<p>Principle 4-11 Premises for ensuring the effectiveness of the Board of Directors and the Audit and Supervisory Board</p>	<p>Supplementary principle 4-11 1</p> <p>The directors' skills are disclosed in the form of a Skills Matrix. To achieve our management philosophy of "contributing to the development of Japan's main transportation artery and social infrastructure" at a higher level, the skills consist of the following seven, which are useful for fulfilling directors' roles of determining business execution and supervising directors' execution of duties, in light of the nature of our business: corporate management, business strategy; governance, compliance; personnel, education, labor affairs; finance, accounting; technological development, environment; railway safety; and community relations, international aspects.</p> <p>Supplementary principle 4-11 2</p> <p>Important concurrent positions held by directors and Audit and Supervisory Board members are as stated in the business reports and General Shareholders Meeting Reference Materials. None of the concurrently held positions hinder the directors' or Audit and Supervisory Board members' ability to fulfill the roles and responsibilities of such positions for the Company.</p>
<p>Principle 4-14 Director and Audit and Supervisory training</p>	<p>Supplementary principle 4-11 3</p> <p>The Company's Board of Directors meets at least once a month, in principle, to make decisions on not only legally required matters but also important management matters in a lawful and appropriate manner after providing thorough explanation of the purpose and progress of measures and discussing them fully. The status of directors' execution of duties is also reported as necessary by the director in charge of each duty and is supervised appropriately. Outside directors provide effective advice on management from a higher perspective and bring discipline to management. The Board of Directors analyzes and evaluates the effectiveness of the entire Board based on self-evaluation by each director and Audit and Supervisory Board member. Based on the results of the analyses and evaluations, the Company works to further enhance the functions of the Board. Additionally, in order to improve the effectiveness of the Board of Directors, roundtable discussions are held between outside directors and members of management to exchange opinions on general management issues, and outside director meetings consisting solely of outside directors are conducted. Based on the above, the Board of Directors finds that the effectiveness of the entire Board of Directors is sufficiently ensured.</p> <p>Supplementary principle 4-14 2</p> <p>The Company's directors and Audit and Supervisory Board members not only possess sufficient ability and insight to fulfill their roles and responsibilities but also carry out their duties responsibly while striving voluntarily to improve their expertise through efforts such as actively participating in external training programs to fulfill the mandate given by shareholders. Necessary measures are taken to ensure that the directors and Audit and Supervisory Board members appropriately fulfill their responsibilities, such as notifying the details of any amendments in relevant laws and regulations at meetings and providing training opportunities to share the Company's management issues to enable the Company to make appropriate decisions.</p>
<p>Principle 5-1 Policy for constructive dialog with shareholders</p>	<p>[1] Policy and promotion structure for dialogue The Company has established the following Policy for Promoting Constructive Dialogue with Shareholders.</p> <ul style="list-style-type: none"> The Company positions General Meetings of Shareholders as an important opportunity for dialogue with shareholders and strives to enhance question and answer sessions in order to contribute to sustainable growth and an increase in corporate value over the medium to long term. Dialogue with shareholders in general is overseen by the head of the Administration Department, and shareholders' questions, opinions and requests are addressed in individual meetings and phone calls to the extent reasonable. Dialogue with institutional investors is overseen by the Director General of the Corporate Planning Division, with the IR staff assigned to the Supervision Department of the Corporate Planning Division responsible for dialogue. The Administration Department is mainly in charge of dialogue (SR) with the voting rights managers of institutional investors. All the relevant personnel are committed to constructive dialogue. We strive to enhance the content of dialogue by collaborating organically with different departments of the Company. Furthermore, in addition to individual meetings, we have been enhancing our means of dialogue by holding quarterly results presentations, online conferences, facility tours, and other events as needed. Upon engaging in dialogue, the wishes and interests of institutional investors are taken into consideration comprehensively and are addressed to the extent reasonable, including by senior management, directors, and Audit and Supervisory Board members. In addition to releasing information on results presentations on TDnet and the Company's website, we strive to enhance the provision of information to shareholders through efforts such as increasing the contents of convocation notices of General Meetings of Shareholders. We also strive to ensure that sufficient information is widely available to more stakeholders through the mass media by disclosing information on important measures and important capital investment decisions in detail through the President's regular press conferences and press releases. The content of dialogue with shareholders is reported to senior management and, if necessary, feedback is provided to the Board of Directors. No insider information is communicated in our dialogue with shareholders. We have set the period beginning 14 days prior to the quarterly results announcement date as a "quiet period" when we refrain from dialogue concerning results information. <p>[2] Track record Based on the above-mentioned policy, we engaged in dialogue with a wide range of domestic and overseas institutional investors to whom our management team and IR/SR staff responded, regardless of the investment method of the institutional investor or the field of responsibility of the person in charge, based on themes such as our business content and specific initiatives related to ESG. In addition to providing management with feedback on the content of the dialogue, we also conduct questionnaire surveys of institutional investors after individual meetings and results presentations. Upon analyzing the feedback obtained and the needs of institutional investors, we work to further enhance corporate governance and future dialogue by enriching disclosure and using the information for reconsidering the content of presentation materials.</p>