

Q&A summary of IR Day

* Please note that the following is a concise summary of selected questions and answers from IR Day, not a transcription of the Q&A session.

[Environmental initiatives in the JR East Group]

Takashi TAKAOKA, Executive Officer and Department Director of Corporate Planning Department, Corporate Strategies Headquarters

Q: Is it really possible to reduce CO2 emissions by 50% in FY2031 (compared to FY2014)? Especially for renewable energy, is it safe to assume that all of the development plans (Ref. p. 18) are feasible?

A: For projects that are large enough to affect the achievement of the target, such as the Abukuma Mountains Wind Power Project, which is expected to generate approximately 150 MW, projects with a high degree of certainty are listed. Due to the timing of completion, etc., the reduction is expected to increase significantly as we approach FY2031, which we believe will contribute to achieving the target. Considering the possibility that some projects may not produce the expected output and the decrease in suitable development sites, we would like to consider further accumulating projects and shortening the development period by acquiring projects developed by other companies.

Q: Do you have any plans to increase the internal carbon price (ICP) to meet CO2 reduction targets?

A: We have just started by setting the price at 5,000 yen in order to spread the ICP concept within the company, but we do not believe that this price will remain appropriate in the future. We will consider the appropriate price in the future, taking into account the risks and other factors that a carbon surcharge may pose to business operations, as well as trends in environmental investment by other companies.

Q: To what extent do you allow for the difference in profitability created between environmental investments that apply ICP and growth investments that do not apply ICP?

A: Capital investment in railcars and other equipment that increases in environmental value due to aging and replacement can be made without applying ICP. The ICP is applied only to equipment for which application of ICP would promote capital investment, but the size of the investments with ICP as a percentage of total investment is not so large.

Q: SBT and Zero Carbon Challenge 2050 have different base and target years, scopes, etc. Will the environmental strategy be reviewed in conjunction with SBT certification? I would like to see a disclosure of specifics on how the reduction will be made.

A: We are aiming to obtain SBT certification not only for achieving the goal of “halving emissions in FY2031 and net zero in FY2051” as set forth in the Zero Carbon Challenge 2050, but also because of recognizing the importance of tracking the progress toward the goal, disclosing the process, and hedging risks. We will not change the targets for FY2031 and FY2051, but we are working diligently to accelerate the pace of reductions

and consider alternative measures in case of emergency, etc. We will prepare for disclose the SBT-based reduction roadmap and specific initiatives when emission reduction targets are set to obtain SBT certification (by August 2025).

Q: When can hydrogen co-combustion and CCUS be demonstrated at self-owned thermal power plants?

A: We are preparing to announce the status of the progress and its feasibility as soon as possible.

[Discussion with Outside Director]

Reiko AMANO, Outside Director

Atsuko ITOH, Executive Director

Q: How do you view JR East's recent safety measures, including the seismic reinforcement of the Shinkansen equipment?

A: I feel that the Company has been faithful in reinforcing structures in light of the Great East Japan Earthquake, but there are many different types of earthquakes, and no structure can respond universally for them. To compensate for that, it is important to stop trains as soon as possible after an earthquake occurs. The Company has concluded a comprehensive cooperation agreement with the National Research Institute for Earth Science and Disaster Resilience to make better use of disaster prevention information, and I believe that earthquake preparedness in a broad sense has been progressing.

I also observed disaster drills, which were greatly improved from the beginning. The information room, created to centrally manage disaster information, is actively used for day-to-day problems, and such preparations from day to day will lead to disaster response when disaster occurs.

Q: How do you see the Company's current situation and direction with regard to women's advancement?

A: I think the Company exceeds the passing score. Even before I became an outside director, I felt that the Company was proactive in hiring women. Upon assuming the position, I felt that the Company was advanced in developing a comfortable working environment and systems from the perspective of diversity, not only for women but also for people with disabilities, non-Japanese, and others. Awareness of top management is important in promoting women's activities and diversity, and I have the impression that the Company's leaders have always had a strong awareness of this issue. I think they are trying to do a lot of things with the limitation of continuing stable railway operation.

Q: It is difficult to understand from the outside what kind of value, quantitatively and qualitatively, the large investments the Company has been making will create for shareholders and other stakeholders.

A: There are few companies in Japan that have the opportunity to create value-added hardware, but I believe the Company is one that can do so. The Board of Directors is also discussing issues from this perspective and believes that beyond establishing the two pillars of mobility and lifestyle solutions through "Move Up" 2027, the Company has a major mission to create "next-generation infrastructure" and "new living spaces". Although I do not interfere in detail with the return of individual subjects, for example, in the real estate business and development projects, I believe that the Company should not just be a developer, but should exercise initiative in realizing its mission and what they want to do, based on the recognition of the value of the areas around stations.

Q: I feel that it is difficult to obtain information that shareholders, investors, etc. want to know. How do you feel about the information gap between inside and outside the Company?

A: The Company has been undergoing a major reorganization in order to respond to changes in the environment, and in terms of management, we are also implementing reforms to clarify who is responsible for each segment and each business. In addition, the Board of Directors, including other outside directors, have stated that it is very important to think from the perspective of total optimization, not partial optimization, and the Company's

management team has accepted this. It may be frustrating that information is not readily available, but JR East is a company that will create the next generation infrastructure through “Move Up” 2027, and the Company is controlling various issues based on overall optimization, so we ask for understanding from a long-term perspective.

Q: I feel that the recent frequency of operational troubles may have been caused by the restraint of repair and other expenses due to the COVID-19 pandemic. How is the maintenance of facilities being discussed?

A: Facilities are aging, especially the electrical equipment. Climate change and social/natural factors are also causing problems that were not previously contemplated. Although the Company has steadily practiced “crisis management” in place to respond to the occurrence of accidents, it needs to strengthen “risk management” which prevents such accidents from occurring. As a result of continually pointing this out, a system has been established to link risk management to auditing and internal controls. Although this is a transitional period, I hope you will look forward to our departments working together on risk management in a broad sense, including maintenance of facilities.