

CSR

What is the JR East Group's Basic Stance on CSR?

In order to firmly fulfill our corporate social responsibilities (CSR), the JR East Group is working to strengthen its management structures in four areas: corporate governance, compliance, accountability, and risk management.

Basic Philosophy on CSR

The railway business that JR East is primarily engaged with is an infrastructure that derives its history as a mean to progress the society, and thus it has extremely strong ties with the general public and local communities. Therefore, awareness of the importance of contributing to society through business activities and fulfilling corporate social responsibilities is part of JR East's corporate culture.

Our "New Frontier 21" medium-term business plan states that "fulfilling our social responsibilities and work in partnership with local communities" is one of our Vital Roles, and our Group Policies provide that "as a 'trusted life-style service creating group,' we will go forward with our customers to contribute to the achievement of a better living, the cultural development of local communities, and the protection of the global environment."

In recent years, CSR has become a focus of attention, and businesses are being called upon to take affirmative and serious action in response to various issues that affect all of society from maintaining high ethical standards to practicing transparent management and addressing global environmental issues. By faithfully implementing our Vital Roles and Group Policies in our business activities, we will maintain our status as a corporate group that meets the expectations of the public and gains the trust of stakeholders.

Management Structures for Implementing CSR

Establishing corporate governance

The East Japan Railway Board of Directors is comprised of 23 directors including 2 outside directors. A resolution to reduce the number of directors from 31 to 27 was passed at the General Meeting of Shareholders in June of 2003 in order to promote more active discussion of issues at board meetings and to accelerate the decision-making process.

The number of directors was further reduced to 23 at the General Meeting of Shareholders in June 2004. In addition, an Executive Committee consisting of all managing directors was established to deliberate major management issues. A Group Strategy Committee consisting of executive directors and others was established to consider

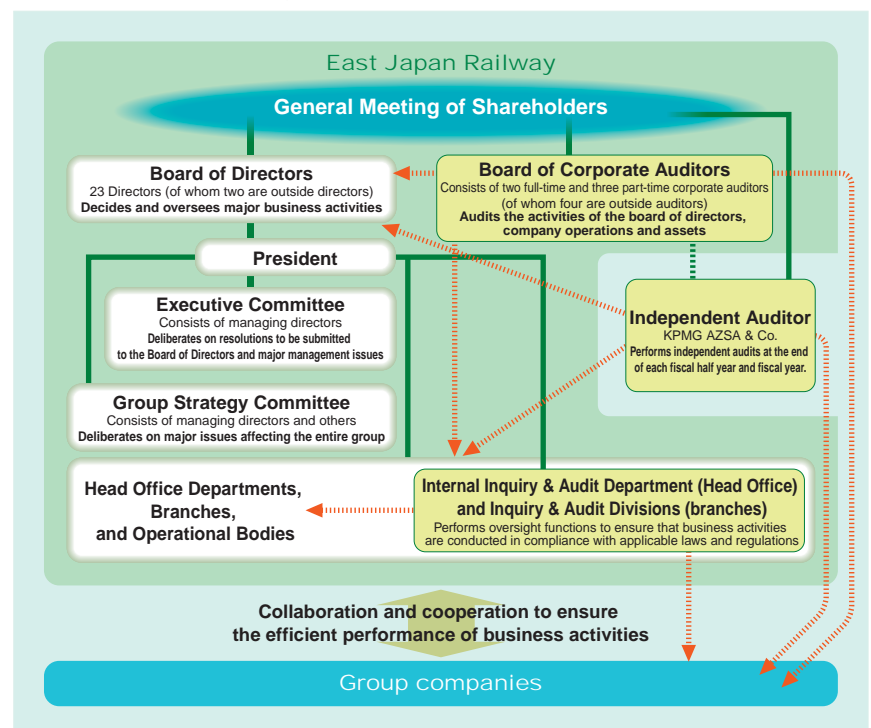
major issues affecting the entire Group.

We have been organizing the necessary structures for internal governance including the incorporation of external perspectives in the system.

In order to maintain transparency in management and to strengthen audit functions, we have appointed outside directors and auditors who have extensive experience and knowledge. The Board of Corporate Auditors is comprised of 2 full-time and 3 part-time auditors, of which 4 are outside auditors. Each auditor conducts job performance audits of the directors in compliance with policies set by the Board of Corporate Auditors. Furthermore, regular liaison meetings with group company auditors are held to exchange information and to encourage CSR practices.

JR East has a relationship with KPMG AZSA & Co., an accounting firm, which con-

Corporate Governance System



ducts independent audits at the end of each fiscal half year and fiscal year.

We maintain Inquiry & Audit Department at the head office and Inquiry & Audit Divisions at all branches as internal auditing bodies. The Corporate Audit Department also performs audits of group companies.

Ensuring compliance

Recognizing that corporate management based on compliance and high ethical standards are prerequisites for continuous corporate existence, we built a framework to respond rapidly to legal issues and legal risks affecting group companies. The framework is centered around the Legal Department, formally a part of the Administration Department, established in June 2002. We strive to maintain compliance with applicable laws and regulations in

all our business activities reflecting the advice received from our legal counsel and other professionals.

In addition, periodic training is provided at branches and group companies to enhance compliance and ethical standards. In FY 2003, we conducted compliance training for branch personnel, and management seminars and basic legal training for group company employees.

Disclosing more information to maintain accountability

We engage in public relations and investor relations activities to actively disclose information concerning the JR East Group in order to deepen the understanding and trust of stakeholders. We also use web sites to provide accurate key corporate information in a timely manner.

Strengthening risk management system

The Crisis Management Headquarters was established in January 2001 to gather and manage information and to implement initial responses in the event of a major crisis affecting JR East's business operations. By involving senior management in the initial stages, disclosing appropriate information, and maintaining compliance, we minimize any potential damage or loss.

Furthermore, in order to maintain a corporate culture that encourages the communication of risk information, we are reinforcing risk and information management structures by conducting seminars and other training for group companies.

Compliance Training in FY 2003

Name of training	Number of times conducted	Participants	Contents and Objectives	Number of participants
Management Seminar (Compliance Course)	2	Group company administration managers	Compliance, risk management, fair hiring practices, and human rights education	60
Legal Skills Seminar	1	Branch legal affairs managers	Deepening legal knowledge, legal reasoning, and decision-making abilities based on real issues	14
Basic Legal Training	2	Group company legal affairs personnel	Acquisition of basic legal knowledge	55