

Compliance

■ Basic Concept of Compliance

In 2005, JR East adopted the Policy on Legal and Regulatory Compliance and Corporate Ethics as the Group's corporate activity guidelines. Concomitantly, we established Compliance Hotlines, both inside and outside the Company for internal reporting, and have promoted efforts on compliance.

Moreover, in 2009 and in 2010, all employees of JR Group were given education to increase their awareness about compliance.

JR East Group has been making a concerted effort for further promoting compliance management, including the thorough inspection of legal matters in all aspects of its business since 2009 and the ensuring of proper business conduct with the use of "Basic Matter Confirmation Support Sheet" designed for regular checking of important matters by individual departments since 2011.

■ Formulation and Revision of the Compliance Action Plan

In order to enhance the effectiveness of the policy originally formulated in 2005, we developed and distributed the first version of our Compliance Action Plan document that summarized what we consider to be desirable levels of conduct for all Group employees. After the series of Shinanogawa power plant incidents, however, a revised edition was published in 2009 which incorporated such aspects as the necessity of constant awareness of potential problems, adherence to laws and regulations as basis for actions, and confirmation of the contents of reports.

■ Full Inspection of Legal Matters and a Continuous Review of Overall Work

We conducted full inspections of our compliance in regard to all our operations including Group companies. Starting with this series of full inspections, JR East Group is promoting continuous reviews of all its operations based on laws and regulations, internal rules, and social norms. Since 2011, based on the above mentioned thorough inspection of legal matters, JR East has created a "Basic Matters Confirmation Sheet", which lists the matters requiring regular checking, to ensure business is continuously conducted on a proper manner.

■ Strengthening Compliance Education

JR East conducts regular compliance education sessions and intends to further reinforce the system. In order to specifically raise employee awareness in terms of compliance, in 2009 we made available to all Group employees an education program based on our revised Compliance Action Plan. We intend to continue to offer education in line with the actual conditions in individual workplaces.

From 2010, we delivered a compliance questionnaire to all JR East employees in an effort to raise their awareness of compliance issues.

■ Compliance Training

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Title	Number of sessions	Participants	Contents and objectives	Number of participants
Management School (Compliance Course)	1	Administrative managers of Group companies	Compliance	32
Legal Skills Training	1	Legal affairs managers of branch offices	Enhancement of practical legal knowledge, legal reasoning, and decision-making/problem-solving skills	16
Basic Legal Training	1	Legal affairs personnel of Group companies	Acquisition of basic legal knowledge	48
Regular Legal Seminar	4	Employees of JR East and Group companies	Explanation of new and revised laws, and awareness-raising about compliance	820

■Shinanogawa Power Station Incident

On March 10, 2009 JR East received an administrative sanction from the Director of the Hokuriku Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. The sanction was issued in accordance with the River Act and included the revocation of a permit to draw water from the Shinano River because the company's water intake had exceeded the maximum allowed quantity at our hydroelectric plant, Shinanogawa Power Station (the collective name for the Senju, Ojiya and Ojiya Daini power plants in Ojiya and Tokamachi cities, Niigata prefecture). Subsequent to receipt of this sanction, we have taken corrective actions in accordance with the directions in the sanction and have endeavored to implement measures to prevent recurrence and to cultivate close cooperation with the local communities. On April 2, 2010, with the consent of the parties involved, we filed an application for water intake permit with the Director of the Hokuriku Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. On June 9, 2010 we received the permit and the Shinanogawa Power Station resumed drawing water from the Shinano River and restarted power generation. Reflecting on this misconduct, we are redoubling our efforts at compliance management to prevent recurrence and we are sincerely committed to foster harmony with environment and enhance coexistence with the communities.

■Personal Data Protection

In 2005, we published our Regulations for the Management of Personal Information, and appointed Chief Privacy Officers who bear the responsibility of strictly protecting personal data. We are also working to ensure that each and every employee is aware of the necessity of the strict handling and management of personal data through pamphlets covering the subject exclusively and articles in our internal magazines. In order to even further enhance our levels of information security we regularly conduct internal workplace audits.

■Risk Management

The Crisis Management Headquarters was established in 2002 to centrally collect and manage information, and to make prompt initial responses in the event of major crises affecting the business operations of JR East Group. In 2004, we added the Crisis Management Office, a full-time section that has taken responsibility for Headquarters' secretarial work. We have, furthermore, recently established a system that enables us to respond to various emergencies including terrorist threats and pandemics such as influenza, and are constantly striving to prepare effective responses to all potential risks faced by JR East Group.

■Information Disclosure

JR East has a wide range of relationships with many stakeholders, including the 16.59 million customers using our railway services each day, as well as our shareholders and investors, business partners, employees and their families, and local communities.

We actively disseminate information about Group initiatives through public and investor relations activities to these stakeholders. We also strive to disclose key corporate information on our website in a swift and appropriate manner.

Furthermore, JR East is working to create wide-ranging opportunities to listen to and learn from the views and requests of our stakeholders.