

# Compliance

## Basic Concept of Compliance

In 2005, JR East adopted our 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. All employees of JR East Group companies have been given education to increase their awareness of compliance. Since 2009, JR East Group has been making concerted efforts to further promote compliance. In 2009 we started reviewing legal aspects throughout our business activities, and in 2011 we established a "Basic Matter Confirmation Support Sheet," designed for the regular checking of important matters by individual departments to ensure proper business conduct.

## Formulation and Revision of the Compliance Action Plan

In order to enhance the effectiveness of the 2005 policy, the Group developed and distributed the first version of the Compliance Action Plan document that summarized desirable levels of conduct for all Group employees. Following the Shinanogawa Power Station incidents, we revised the plan based on a full awareness of laws and regulations, reports on the incidents and other factors, and distributed it to all employees.

In 2013, with the formulation of JR East Group Management Vision V, we revised the 2005 policy together with the Compliance Action Plan, taking into consideration the social changes surrounding the Company. We will continue to ensure that all employees of the JR East Group completely understand and follow the Compliance Action Plan and will review it according to ongoing environmental and societal changes.

## Strengthening Mechanism for Proper Business Conduct

We conducted full inspections of our compliance for all our operations, including Group companies. Starting with the inspections, JR East Group is promoting continuous reviews of all its operations based on laws and regulations, internal rules, and social norms.

In 2011, JR East created the "Basic Matter Confirmation Support Sheet" listing matters subject to regular checking and requiring heads of departments to personally ensure that business is carried out properly. We endeavor to achieve thorough implementation at each workplace.

## Ensuring Information Security

With the advancement of the information society, ensuring the security of our information systems has become an important issue.

JR East has designed and introduced an information security management system and carries out necessary measures to ensure safe and secure information system operations. We have also established a contact system to be used if there is a problem and we conduct problem response drills.

All employees are kept aware of the importance of information security and the strict handling of information through our Group rule book and internal magazine. All employees also receive information security education to raise their awareness about how they should guarantee workplace information security.

## Education of all employees

Since 2009, all employees of the Group have received compliance education which has been specifically designed to further increase their awareness by focusing on case studies and topics matching the realities of each and every workplace. In fiscal 2013 JR East also implemented an educational program that focuses on social media and information security, areas in which a number of issues have recently surfaced. In fiscal 2014, following the revision of the Policy on Legal and Regulatory Compliance and Corporate Ethics, which aims to ensure that all employee act with compliance awareness, we will once again make sure that all Group employees are thoroughly aware of the levels of conduct we desire. In the future, we will continue to improve the content of our education programs based on societal and environmental changes.

Since 2010, JR East has annually distributed a compliance questionnaire to all employees, and the results from this show that compliance awareness is steadily increasing among the workforce.

## Compliance Training

### ■ Compliance Training

Title	Number of sessions	Participants	Contents and objectives	Number of participants
Management School (Compliance Course)	1	Administrative managers in charge of compliance of Group companies	Compliance	67
Legal Skills Training	1	Head Office and Branch office legal affairs Personnel	Enhancement of practical legal knowledge, legal reasoning, and decision-making/problem-solving skills	13
Basic Legal Training	1	Group company legal affairs personnel	Acquisition of basic legal knowledge	36
Regular Legal Seminar	4	JR East and Group company employees	Explanation of new and revised laws, and awareness-raising about compliance	800
Social Media Seminar	4	<ul style="list-style-type: none"> <li>•Head Office executives, general managers, etc.</li> <li>•Branch office staff members</li> <li>•Group company executives</li> </ul>	Explanations and exercises on problems, corporate risks, etc., involving use of social media	330
New Recruit Training	1	JR East new recruits	Compliance awareness	All new recruits
All Employee Training	1	JR East and Group company employees	Compliance awareness	All Employees

## Shinanogawa Power Station Incident

In March 2009 JR East received an administrative sanction 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). The sanction was issued in accordance with the River Act and included the revocation of a permit to draw water from the Shinano River. 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.

In June 2010, having obtained a permit from the Director of the Hokuriku Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism to again take water from the Shinano River, we resumed operation of the Shinanogawa Power Station.

We are redoubling our efforts at compliance management to prevent occurrence of similar incidents and we are sincerely committed to fostering harmony with the river environment and enhancing co-prosperity with communities.

### Personal Data Protection

In 2005, the JR East Group published its Regulations for the Management of Personal Information and appointed Chief Privacy Officers who have the responsibility of strictly protecting personal data. Through pamphlets covering the subject exclusively, articles in our internal magazines and compliance education, we are also working to ensure that all employees remain fully aware of the necessity of the strict handling and management of personal data. In order to ensure proper usage and strict control of personal data, the Group conducts regular 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 are striving to be prepared for any potential risks JR East Group may face, and recently established a system enabling us to respond to various emergencies—terrorist threats, pandemics such as influenza, and other possibilities.

### Information Disclosure

JR East has a wide range of relationships with many stakeholders, including the 16.8 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. JR East also is working to create wide-ranging opportunities to listen to and learn from the views and requests of our stakeholders.