

## As a Corporate Citizen

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## AS A CORPORATE CITIZEN

## Safety

Since its founding, JR East has consistently advanced initiatives for safety—the highest priority of its corporate management. JR East has prepared 5-year safety plans four times since its founding. Also, *JR East 2020 Vision—idomu*— which was announced in March 2008, calls on JR East to maintain an unflagging commitment to pursuing “extreme safety levels.” Under a new 5-year safety plan, *2013 Safety Vision*, which began from April 2009, JR East will raise safety levels even higher.

**2013 SAFETY VISION**

JR East has prepared 5-year safety plans four times since its founding in 1987. As a result, JR East’s safety record has improved significantly, with a considerable decrease in accidents over the past 22 years. Targeting further improvement, JR East prepared *2013 Safety Vision*, which took effect from April 2009. Under *2013 Safety Vision*, JR East will give particular emphasis to two fresh approaches in relation to safety: “safety-related human resource development and system improvement” and “evaluating possible risks to prevent accidents before they occur.”

Measures to prevent accidents are never finished. JR East will make a concerted effort—from the front line to Head Office—to tackle safety issues under the slogan “think and act for yourself.” At the same time, pursuing its goal of “zero accidents involving passenger injuries or fatalities and zero accidents involving employee fatalities (including employees of Group companies and partner companies),” JR East will continue working tirelessly to improve safety and achieve “extreme safety levels.”

**CREATING A CULTURE OF SAFETY**

In order to improve safety, its highest priority, JR East must build and inculcate a strong safety culture within its organization. That culture should be based on mutual trust and putting into action lessons learned from past accidents and accident-related information. JR East views that culture as comprising five cultures.

**Five Cultures**

- **The culture of proper reporting:** Proper reporting makes it possible to correctly analyze accidents and incidents.
- **The culture of noticing:** Noticing accidents at incipient stages is the basis for prevention.
- **The culture of direct confrontation and debate:** Directly and thoroughly confronting each other's views is necessary for determining causes.
- **The culture of learning:** Making use of lessons learned is the basis for preventing the recurrence of accidents.
- **The culture of action:** Taking action is what makes it possible to maintain safety.

## Targeting Further Improvement

**Two Fresh Approaches in Relation to Safety**

- Safety-related human resource development and system improvement
- Evaluating possible risks to prevent accidents before they occur

**The Four Pillars of 2013 Safety Vision**

- Creating a Culture of Safety
- Rebuilding the Safety Management System
- Taking Sure Steps to Reduce Risks
- Promoting Priority Improvement Plans for Safety Equipment

**zero** accidents

- Accidents involving passenger injuries or fatalities
- Accidents involving employee (including Group companies and partner companies) fatalities

### Three Actualities Principle

JR East will tackle safety problems based on the “three actualities principle” of correctly understanding and responding to situations by dealing with “actual location”—go to the actual location to comprehend the circumstances, “actual object”—examine the actual object (rolling stock, equipment, machine, tool, etc.) to comprehend its condition, and “actual people”—meet face to face with the people actually involved to comprehend the situation. The principle is based on the idea that because accidents occur on the front line, the answers to accident prevention are also on the front line.

In addition, JR East will return to the basic ideas of the *Challenge Safety Campaign* and revitalize it. This campaign encourages employees to think about safety, debate safety, act to increase safety, and feel a sense of achievement in relation to safety and thereby enhance safety awareness.

### REBUILDING THE SAFETY MANAGEMENT SYSTEM

Employees represent the front line of JR East’s safety efforts. Therefore, fostering key employees with safety knowledge, teaching skills, and technical skills at operational bodies and branch offices is important. Specifically, to ensure operational bodies always have key safety leaders, at branch offices JR East will cultivate safety professionals that have knowledge, technology, and awareness in relation to safety.

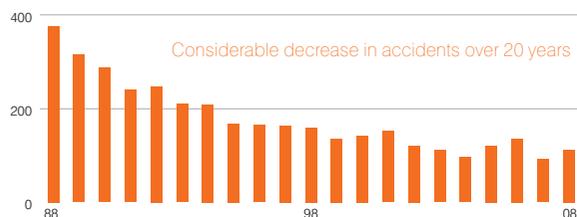
In conjunction with those initiatives, JR East will expand the Accident History Exhibition Hall, located in the JR East General Education Center. And, JR East will also create new training materials and promote an organization based on the Company’s chroniclers and narrators of oral history and lore about safety.

Group companies, partner companies, and other such organizations underpin the safety of JR East. Therefore JR East will provide support to them, and make arrangements to improve equipment, facilities, and training for personnel.

### Trends in Railway Accidents

(Years ended March 31)

Number of Accidents



### Key Safety Leaders and Safety Professionals



### TAKING SURE STEPS TO REDUCE RISKS

JR East intends to devote more resources than before to measures for preventing the recurrence of operational railway accidents and other such incidents. At the same time, we will promote countermeasures to prevent damage by estimating the maximum scale of damage from accidents and incidents that have a certain frequency of occurrence and addressing them in the order of highest priority.

Further, JR East will continue steadily implementing countermeasures in relation to major accidents that have occurred in recent years.

### PROMOTING PRIORITY IMPROVEMENT PLANS FOR SAFETY EQUIPMENT

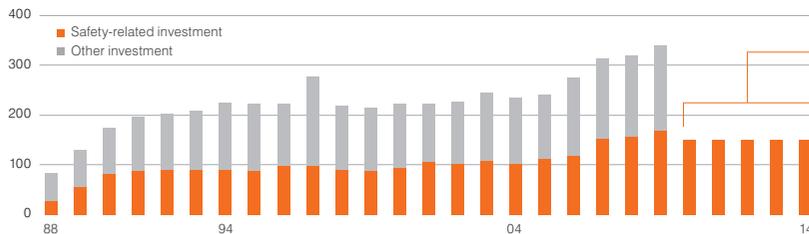
JR East has invested approximately ¥2.2 trillion in safety over 20 years since its founding in 1987. Each of the four previous 5-year safety plans have earmarked ¥400 billion for safety-related investment.

However, under *2013 Safety Vision* JR East anticipates an investment of approximately ¥750 billion. The major safety initiatives under the new plan will include improving test tracks to ascertain accident causes and identify countermeasures, implementing countermeasures for major earthquakes in the Tokyo metropolitan area, introducing automatic platform gates on the Yamanote Line, and examining measures to prevent secondary damage in railway crossing accidents.

### Safety-related Investment

(Years ended March 31)

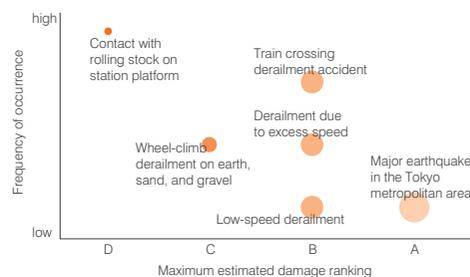
Billions of Yen



*Under 2013 Safety Vision*

JR East anticipates an investment of approximately ¥750 billion.

### Occurrence Frequency and Maximum Estimated Damage Ranking



- A: Great Hanshin-Awaji Earthquake, major earthquake (envisioned) in the Tokyo metropolitan area, etc.
- B: Tsurumi, Mikawajima, Fukuchiyama Line derailment accidents, etc.
- C: Shigaraki Highlands Railway accident, etc.
- D: Contact with rolling stock on station platform, etc.



Automatic platform gates (image)

AS A CORPORATE CITIZEN

# Environmental Issues

JR East has developed a wide range of environmental initiatives that reflect its basic philosophy of promoting ecological activities—diligently striving to balance environmental protection with business activities.

JR East will continue disclosing environmental information based on feedback from stakeholders, expanding and improving environmental preservation initiatives, and making railways even more environmentally friendly. Moreover, JR East will spare no effort to realize fully the environmental advantages of railways over other forms of transportation by making railways even easier to use.

## ENVIRONMENTAL PRESERVATION INITIATIVES

### Energy Efficiency Improvement and CO<sub>2</sub> Emissions Reduction

Energy used by its railway operations accounts for 70% of the total energy consumed by JR East. By the end of fiscal 2008, 85% of JR East's total rolling stock, or 10,428 railcars, were energy-saving railcars, and energy consumption per unit of transportation volume had decreased 14%\* from fiscal 1991 levels. Further, JR East is promoting the rooftop greening of its railway station concourses, railway station buildings, and office buildings. JR East had greened 22 buildings, with a total rooftop area of approximately 7,000 square meters as of the end of March 2009. As well as aiming to mitigate the "heat island" phenomenon, JR East hopes to use greening to absorb CO<sub>2</sub> and curb the amount of energy it uses for air-conditioning.

### CO<sub>2</sub> Emissions by Mode of Transportation

(Fiscal 2007)

g-CO<sub>2</sub>/passenger-km

JR East	12
Railway	18
Bus	51
Airplane	111
Car	172

Source: Ministry of Land, Infrastructure, Transport and Tourism  
 • The figure for JR East is based on the result fiscal 2007

### JR East 2020 Vision—idomu—

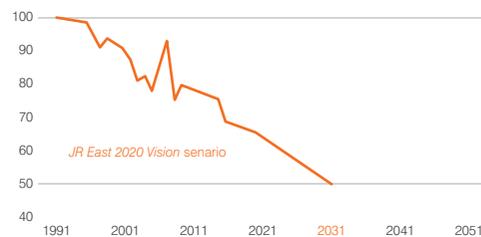
- 1 We will reduce total CO<sub>2</sub> emissions of railway operations 50% by fiscal 2031 compared with fiscal 1991 levels.
- 2 Aiming to lighten the burden placed on the environment by railways, we will use bold ideas to achieve world-leading technology.
- 3 We will create a public transport system that rivals the convenience of private cars through collaboration with local authorities and other transportation operators.



Concept illustration of ecoste

### Reduce Total CO<sub>2</sub> Emission of Railway Operations 50% by fiscal 2031 (compared with fiscal 1991 level)

emission level



Also, to reduce the overall CO<sub>2</sub> produced by transportation in general, JR East encourages the use of railways as a highly energy-efficient mode of transportation that places little burden on the environment through initiatives such as promoting use of its park-and-ride and rent-a-car services.

\* Based on the calculation method pursuant to the Law Concerning the Promotion of Measures to Cope with Global Warming

### Resource Recycling

JR East's recycling initiatives come under three headings: reduce, reuse, and recycle. In fiscal 2008, JR East produced 650,000 tons of waste, of which 79% was reused or recycled. Further, the *Suica* IC card passenger ticket helps to conserve natural resources significantly because, unlike traditional passenger tickets, passengers can use the *Suica* IC card repeatedly.

### Preservation of the Environments alongside Railway Lines

In areas alongside railway lines, JR East advances a range of initiatives to reduce noise, conserve landscapes, prevent pollution, and preserve natural environments. For example, JR East has completed measures to reduce noise from Shinkansen lines to 75 dB or less in residential areas by installing sound-proof walls and using sound absorbent materials. Moreover, JR East uses low-noise equipment for maintenance work. In addition, JR East preserves approximately 4,200 hectares of railway forest, comprising 6 million trees, which protect railway lines from natural disasters.

## SYSTEMS FOR THE ADVANCEMENT OF ENVIRONMENTAL MANAGEMENT

### The Group's Advancement System

JR East established the Committee on Ecology to steadily implement surveys of the environmental impact of JR East's operations, set environmental targets, undertake environmental preservation activities, check progress toward targets, and conduct senior-management-level monitoring. To confirm the Group's environmental policies, since fiscal 2004, JR East has regularly convened the JR East Group Environmental Management Advancement Conference, which representatives of all Group companies attend.

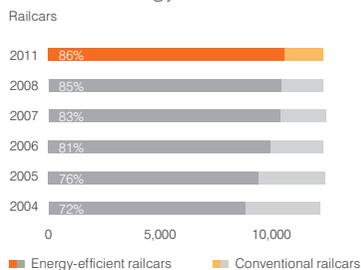
### Railway Line Forestation

Railway line forestation programs undertaken in partnership with local communities had planted approximately 260,000 trees and included 38,000 participants over the 15-year-period ended March 2008.

### Acquisition of ISO 14001 Certification

At operational bases that place a comparatively heavy burden on the environment, JR East has been acquiring ISO 14001 certification, which recognizes compliance with international standards for environmental management systems. All of JR East's Rolling Stock Centers, which maintain railcars, have acquired ISO 14001 certification.

### Trends in Energy-Efficient Railcars



A railway forest beside the Yamagata Shinkansen Line



Test runs started with the world's first fuel-cell hybrid railcar

## ENVIRONMENTAL RESEARCH AND DEVELOPMENT

### Environmental Technology Research Center

*JR East 2020 Vision—idomu—*, which was announced in March 2008, sets out challenging numerical targets in relation to the environment. To reach those targets, as well as honing existing technologies, JR East must actively and strategically pursue research and development that will enable the introduction of new environmental technologies to the JR East's operations. Accordingly, on April 1, 2009, JR East established the Environmental Technology Research Center so that JR East can grow sustainably while fulfilling its social responsibility to protect the environment.

### Operating the World's First Diesel Hybrid Railcars

The *kiha* E200 Type cars, which entered service on the Koumi Line in July 2007, are the world's first diesel-powered, electric motor-driven hybrid railcars. Efficiency in tests was approximately 20% better than a standard diesel railcar. The diesel hybrid railcars are quiet when idling at a station (an approximately 30 dB reduction). Hazardous substances in the exhaust, such as NOx and graphite, are reduced by approximately 60%.

Recognizing JR East's development and introduction of the new hybrid railcars, the Ministry of the Environment presented JR East with the 2007 Environment Minister's Award for Global Warming Prevention Activities in the technology development and commercialization category.

### Testing of Fuel-Cell Hybrid Railcars

Fuel cells are an electricity-generation technology with a low environmental impact. They feature high electricity-generation efficiency, and the only byproduct generated through their reactions is water. JR East is currently proceeding with research and development of fuel-cell systems for railway applications.

We began test runs of the world's first fuel-cell hybrid railcar in 2006, and started test runs on operational lines in spring 2007. The fuel-cell railcar is currently being tested at around 100km/h. We continue to develop control, safety, and other technologies and advance to meet future challenges.

### Other Research and Development

JR East actively pursues other research and development initiatives. One of them is a power-generating floor, which generates electricity from the pressure of people walking on it.

## REVISION OF ENVIRONMENTAL TARGETS

*JR East 2020 Vision—idomu—*, which was launched in March 2008, calls on JR East to take a *positive and long-term approach to global environmental problems*. Accordingly, JR East revised its environmental targets for fiscal 2009.

► Please see JR East's Sustainability Report 2008 for further information about initiatives related to corporate social responsibility and the environment.

<http://www.jreast.co.jp/e/environment/index.html>

## Environmental Targets

Task	Fiscal 2011 target
Total CO <sub>2</sub> emissions of railway business activities	50% reduction by fiscal 2031 (compared with fiscal 1991) 32% reduction by fiscal 2018 (compared with fiscal 1991)
Energy-efficient railcars utilization rate	86%
Electricity used for train operation	2% reduction (compared with fiscal 2007)
Train electricity used per unit transport volume	2% reduction (compared with fiscal 2007)
Energy saving at stations and offices	4.5% reduction (compared with fiscal 2007)
Recycling rate for waste generated at stations and on trains	70%
Recycling rate for waste generated at General Rolling Stock Centers, etc.	95%
Recycling rate for waste generated in construction projects	92%

## AS A CORPORATE CITIZEN

## For Society

JR East's core railway operations have extremely strong ties with society at large as well as with local communities. Consequently, in tandem with development of its operations, JR East has fostered a corporate culture of meeting social responsibilities and benefiting society through its business activities.

JR East's Group Philosophy includes a social mission that requires it to "grow continuously and advance in harmony with customers by generating earnings while meeting social responsibilities as a *Trusted Life-style Service Creating Group*." Accordingly, JR East will continue to meet the expectations of society and justify the trust of its stakeholders.

## INVOLVEMENT WITH LOCAL COMMUNITIES

## Revitalization of Regional Communities

As part of initiatives based on social responsibility, JR East will further strengthen alliances with regional communities, which are an important management resource, and seek synergies with its railway network that will revitalize regional communities. Specifically, by bringing to light tourism resources that local residents may be unaware of and increasing the marketing of local products, JR East will support the autonomous efforts of local residents to develop attractive local communities and regional industries that will vitalize their communities.

## Nursing Care Facilities near Railway Stations

One aspect of JR East's efforts to develop towns in partnership with local communities is the active creation of facilities along railway lines to support those bringing up children. JR East operated 25 *Station Day Care* facilities and one *Day Care Station* facility as of April 2009. Plans call for the expansion of that network to 40 facilities by fiscal 2011. JR East will help eliminate nursery school waiting lists by advancing the development of accredited nursery schools and nursery schools preparing for accreditation. Not confining itself to nursery schools, JR East intends to widen the scope of its activities by providing children's day care services that cater to a variety of child-rearing needs.

## The Railway Museum

In October 2007, JR East cut the tape on The Railway Museum as the flagship project commemorating the 20th anniversary of JR East's incorporation. The East Japan Railway Culture Foundation\* built the museum on land that JR East owns in Saitama City. The museum systematically preserves and displays artifacts and documents relating to the railway heritage of Japan and other countries as well as JR East and the restructuring of Japan National Railways (JNR). Less than six months after its opening, the museum welcomed its 1 millionth visitor. And, 2,420,000 people had visited the museum by the end of March 2009.

\* In 1992, JR East established the East Japan Railway Culture Foundation to realize programs that contribute continuously to society. The foundation promotes regional culture, conducts railway-related surveys and research, and organizes international cultural exchanges.

## INVOLVEMENT WITH INTERNATIONAL COMMUNITIES

## Cooperation with Overseas Railway Operators

In order to cooperate and exchange information with railway operators worldwide under a wide range of themes that include technology, management, and the environment, JR East is affiliated with the Union Internationale des Chemins de Fer (UIC), the International Association of Public Transport (UITP), and the Community of European Railway and Infrastructure Companies (CER), and participates in related initiatives and conferences. Also, JR East Vice Chairman Yoshio Ishida became the Chairman of the UIC in April 2009. Further, JR East contributes internationally by accepting visitors and trainees from overseas. In fiscal 2009, JR East welcomed 575 visitors and trainees from 49 countries.

AS A CORPORATE CITIZEN

# Board of Directors and Corporate Auditors



Mutsutake Otsuka  
Chairman



Yoshio Ishida  
Vice Chairman  
Technology and Overseas  
Related Affairs



Satoshi Seino<sup>1</sup>  
President and CEO



Tetsuro Tomita<sup>1</sup>  
Executive Vice President  
Corporate Planning Headquarters



Masaki Ogata<sup>1</sup>  
Executive Vice President  
Railway Operations Headquarters



Yoshiaki Arai<sup>1</sup>  
Executive Vice President  
Life-style Business Development  
Headquarters

## EXECUTIVE DIRECTORS

Yoichi Minami  
Railway Operations Headquarters;  
Marketing Department,  
Railway Operations Headquarters;  
Customer Service Department,  
Railway Operations Headquarters

Tsugio Sekiji  
IT & Suica Business Development  
Headquarters; Railway Operations  
Headquarters; Transport Safety  
Department, Railway Operations  
Headquarters; Transport & Rolling  
Stock Department, Railway  
Operations Headquarters

Toru Owada  
Corporate Planning Headquarters;  
Inquiry & Audit Department;  
Finance Department

Seiichiro Oi  
Railway Operations Headquarters;  
Technology Planning Department,  
Corporate Planning Headquarters;  
Facilities Department, Railway  
Operations Headquarters; Electrical &  
Signal Network System Department,  
Railway Operations Headquarters;  
Research & Development Center of  
JR East Group

Yuji Fukasawa  
Public Relations Department;  
Personnel Department; Health &  
Welfare Department; Legal Department;  
Administration Department

Yasuo Hayashi  
Railway Operations Headquarters;  
Shinagawa Power Station Improve-  
ment Department, Railway Operations  
Headquarters; Construction Department

Shigeru Tanabe  
Tokyo Branch Office

Shinichiro Kamada  
Life-style Business Development  
Headquarters

## DIRECTORS

Yoshitaka Taura  
Sendai Branch Office

Isao Iwasaki  
Tokyo Station

Yuji Morimoto  
Personnel Department;  
JR East General Education Center

Osamu Kawanobe  
Transport & Rolling Stock Department,  
Railway Operations Headquarters

Naomichi Yagishita  
Facilities Department,  
Railway Operations Headquarters

Toshiro Ichinose  
Management Planning Department,  
Corporate Planning Headquarters

Masayuki Satomi  
Administration Department

Kimio Shimizu  
Life-style Business Development  
Headquarters

Tsukasa Haraguchi  
Marketing Department, Railway Opera-  
tions Headquarters

Takeshi Inoo<sup>2</sup>

Takeshi Sasaki<sup>2</sup>

## FULL-TIME CORPORATE AUDITORS

Toshiaki Omori<sup>3</sup>

Jiro Bando<sup>3</sup>

## CORPORATE AUDITORS

Kiyomi Harayama

Toshiaki Yamaguchi<sup>3</sup>  
(Certified Public Accountant)

Mutsuo Nitta<sup>3</sup>  
(Attorney)

## AS A CORPORATE CITIZEN

## Corporate Governance

## JR EAST'S BASIC CORPORATE GOVERNANCE PHILOSOPHY

To continue to be a company trusted by its shareholders and all other groups of stakeholders, JR East has made the strengthening of its corporate governance a top-priority management task.

Specifically, with a view to augmenting the soundness and transparency of management, JR East is creating appropriate systems for management decision making, operational execution and auditing, Group management, information disclosure, and other important matters while also implementing the various measures required in connection with those systems.

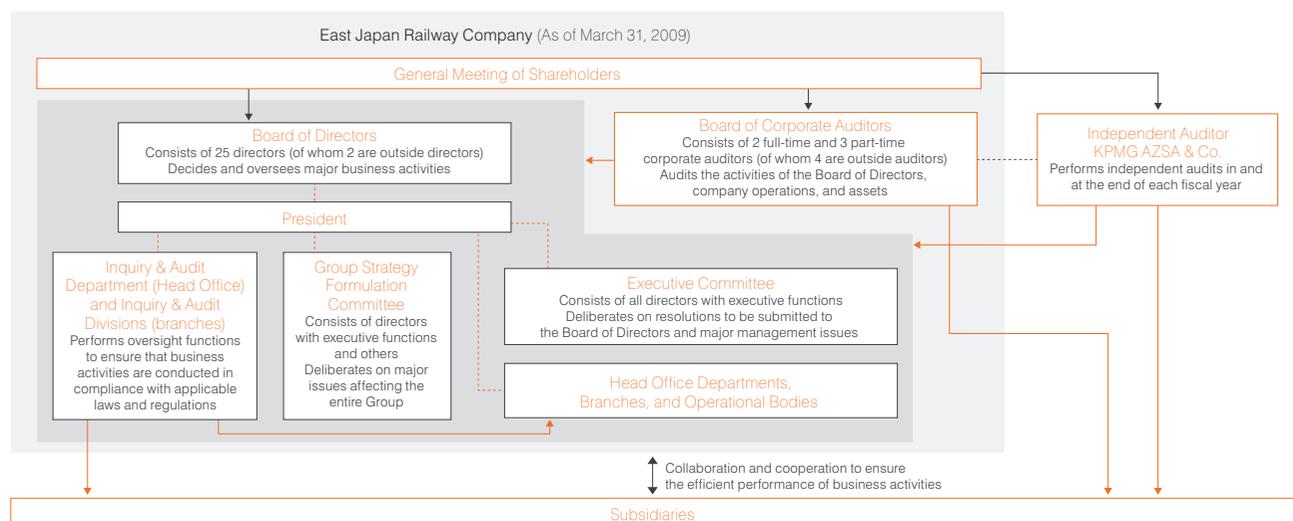
Because of the special characteristics of JR East's mainstay railway transportation operations, JR East emphasizes the making of management decisions based on a long-term perspective. Accordingly, JR East believes the most appropriate course is to enhance corporate governance based on its current auditor system of governance.

## CURRENT STATUS OF CORPORATE GOVERNANCE UNITS AND INTERNAL CONTROL SYSTEMS

## Overview of Corporate Governance Units

JR East's Board of Directors comprised 25 directors, including 2 outside corporate directors as of March 31, 2009. Meeting once a month in principle, the Board of Directors decides on key operational issues relating to statutory requirements and other matters and supervises overall operations. Created by the Board of Directors, the Executive Committee includes all directors with executive functions. Meeting once a week in principle, the Executive Committee deliberates on matters to be decided by the Board of Directors and other important management issues. In addition, the Group Strategy Formulation Committee, which mainly consists of directors with executive functions, convenes as required and considers management strategy for respective operational areas and other significant Group issues with a view to developing the JR East Group as a whole.

The Board of Corporate Auditors comprises 5 corporate auditors, including 2 full-time and 3 part-time corporate auditors



of whom 4 are outside auditors. In accordance with guidelines established by the Board of Corporate Auditors, the corporate auditors supervise the directors' implementation of operations by attending meetings of the Board of Directors, the Executive Committee, and other committees as well as by making inquiries regarding JR East's operations and assets.

### Overview of Internal Control Systems

JR East's basic policy regarding internal control systems and its progress toward enhancing such systems are as follows.

#### 1) Systems for ensuring that corporate officers and employees perform their duties in accord with relevant laws and regulations as well as with the articles of incorporation

- a. JR East and its consolidated subsidiaries (hereinafter "Group companies") have drafted the Legal Compliance and Corporate Ethics Guidelines, which serves as corporate action guidelines for the JR East Group, and distributed handbooks that explain code of conduct standards in concrete terms to each corporate officer and employee in order to promote legal compliance and high corporate ethical standards.
- b. JR East's Legal Department and Administration Department together handle overall control over horizontally integrated compliance matters throughout the Company.
- c. A unit has been established to provide compliance-related advice and receive whistle-blower reports and other reports related to compliance issues.
- d. A supervision system has been established in relation to the execution of internal audits to ensure the appropriateness and efficiency of operational execution.

#### 2) Systems for preserving and administering information related to the performance of directors

Documents related to directors' performance of their duties are appropriately preserved and administered in accordance with relevant laws and internal regulations. Directors and auditors can view these documents whenever necessary.

#### 3) Risk management rules and systems

- a. JR East has established the Transportation Operations Center, which operates 24 hours a day, with the task of ensuring rapid and appropriate responses in the event of an accident or disaster affecting railway operations. JR East has also established specialized internal committees focused on maintaining safety and improving reliability.
- b. All JR East departments undertake risk management to manage the risks of significant adverse influences on corporate operations due to such incidents as external criminal offenses or internal scandals and legal violations. In addition,

JR East has established the Crisis Management Headquarters as well as implemented crisis management related internal regulations. In the event of a major problem, JR East's crisis management system calls for top management to participate in the immediate establishment of a preliminary task force that rapidly undertakes such actions necessary to gather the relevant information and implement countermeasures.

#### 4) Systems for promoting the efficient performance of directors

- a. Internal regulations have been established that allocate authority by clearly defining the authority and roles of each organizational unit to promote efficiency throughout JR East's operations.
- b. Action programs have been established for each organizational unit to increase the transparency of the implementation of JR East 2020 Vision—*idomu*—which articulates common goals for the entire JR East Group, and to promote the efficient implementation of measures to realize the vision's objectives. Progress in action program implementation is periodically evaluated as a means of promoting the efficient implementation of strategic measures.

#### 5) Systems for promoting operational propriety throughout the JR East Group

- a. The Group companies have drafted the Legal Compliance and Corporate Ethics Guidelines, which serves as corporate action guidelines with regard to legal compliance and corporate ethics, and distributed handbooks that explain code of conduct standards in concrete terms to each corporate officer and employee. In addition, an external compliance consultation and reporting unit has been established to serve the entire JR East Group.
- b. The Group companies have established risk management units as well as regulations and other provisions related to risk management. In the event of a problem, these regulations call for the immediate establishment of a preliminary task force that rapidly takes such actions as necessary to gather relevant information, report such information to the parent company when appropriate, and implement countermeasures.
- c. JR East participates in the management of Group companies by dispatching directors to those companies and by other means to promote operational propriety throughout the JR East Group. In addition, JR East's Inquiry & Audit Department performs audits of Group companies at regular intervals.

#### 6) Items related to employees who assist corporate auditors in the performance of their duties

Specialized staff are assigned to the Corporate Auditors' Office to assist corporate auditors in the performance of their duties in order to increase the efficiency of audits and enable audits to be performed smoothly.

#### 7) Independence from directors of employees who assist corporate auditors in the performance of their duties

The staff of the Corporate Auditors Office are to only follow instructions from the corporate auditors and are not subject to orders from directors or other employees.

#### 8) Systems for enabling directors and employees to report to corporate auditors and other systems for reporting to corporate auditors

For items that the Board of Directors' regulations stipulate are to be decided by the Board, deliberation standards have been established, and these standards provide for appropriate deliberations to be conducted at Board meetings. Further, the content of important items other than those that the regulations stipulate are to be decided by the Board may also be confirmed by corporate auditors at meetings of the Board and of the Executive Committee.

#### 9) Other systems for promoting the effective performance of corporate auditors' audits

The corporate auditors hold meetings at regular intervals with the president and the independent auditor to exchange information and opinions.

### Basic Internal Control Policy for Financial Reports

The Company's basic internal control policy for financial reports is as follows.

- 1) The Company will establish and operate systems required to ensure the appropriateness of documents relating to the financial statements and other information.
- 2) Regarding the establishment and operation of the systems indicated in the previous item, the Company will adhere to generally accepted standards for the evaluation of internal controls in relation to financial reports and evaluate internal controls each fiscal year.

### Current State of Internal Audits, Corporate Audits, and Accounting Audits (Systems for Internal Audits, Corporate Audits, and Accounting Audits)

Regarding internal audits, JR East has established an internal auditing system involving approximately 100 full-time employees in the Inquiry & Audit Department at Head Office and Inquiry & Audit divisions at branch offices, and together they work to ensure that corporate operations are executed lawfully and efficiently. Internal audits are implemented based on plans prepared at the beginning of each fiscal year, requests are made for the submission of progress updates for items requiring improvement, and the audit results are reported to representative directors at the

end of each fiscal year and at other times deemed necessary. In addition, the Inquiry & Audit Department audits Group companies.

Regarding corporate audits, corporate auditors exchange information at monthly meetings of the Board of Corporate Auditors, and they also exchange auditing information with corporate auditors of Group companies at liaison meetings held at regular intervals. The audits of corporate auditors are supported by approximately 10 specialized staff. The system for the oversight of the implementation of operations by directors, carried out in accordance with the rules established by the Board of Corporate Auditors, centers on full-time corporate auditors who attend meetings of the Board of Directors, the Executive Committee, and other important in-house meetings as well as investigate financial situations and other items.

Regarding accounting audits, the consolidated accounts of JR East are audited under contract by an independent auditor (accounting auditor), KPMG AZSA & Co., in and at the end of each fiscal year. The following is a breakdown of the certified public accountants (CPAs) who conducted accounting audits in the fiscal year under review as well as their auditing assistants.

- Designated certified public accountants:  
Masanori Sato, Teruhiko Tanaka, and Mamoru Takamura
- Breakdown of auditing assistants:

Certified public accountants, 10; other, 24

JR East facilitates coordination and information sharing to promote efficient and effective auditing. For example, full-time corporate auditors and the director responsible for internal auditing units hold monthly liaison meetings, and full-time corporate auditors receive regular updates on audit implementation from the accounting auditor 5 times a year and at any other time deemed necessary.

### Overview of Relationships between the Company and Outside Corporate Directors and Outside Corporate Auditors, Including Personnel, Capital, and Other Business Relationships

The outside corporate directors and the outside corporate auditors have no business relationship with JR East.

### CURRENT STATE OF RISK MANAGEMENT SYSTEMS

JR East has established the Transportation Operations Center, which operates 24 hours a day and has the task of ensuring rapid and appropriate responses in the event of an accident or disaster affecting railway operations. JR East has also established specialized internal committees focused on maintaining and improving safety—the Safety Promotion Committee and the Transportation Reliability / Stability Improvement Committee.

With regard to the risk of a significant adverse influence on corporate operations due to such incidents as external criminal

offenses or internal scandals and legal violations, all JR East departments undertake risk management activities. In addition, JR East has established the Crisis Management Headquarters as well as implemented crisis management related internal regulations. In the event of a problem, JR East's crisis management system calls for top management to participate in the immediate establishment of a preliminary task force that rapidly undertakes such actions as those to gather the relevant information and implement countermeasures.

## COMPENSATION OF DIRECTORS AND CORPORATE AUDITORS

In fiscal 2009, JR East paid the following compensation to directors and corporate auditors.

	Number of recipients	Compensation
Directors	29	¥898 million
Corporate auditors	5	¥115 million
Total	34	¥1,013 million

1. The amount of remuneration, etc. includes the amount paid to four Directors retired at the conclusion of the 21st Ordinary General Meeting of Shareholders held on June 24, 2008.
2. The amount of remuneration, etc. includes bonuses to Directors and Corporate Auditors to be established pursuant to a resolution adopted at the 22nd Ordinary General Meeting of Shareholders held on June 23, 2009 (¥181 million in total: ¥158 million to Directors, ¥23 million to Corporate Auditors).
3. The amount of remuneration, etc. includes remuneration, etc. to six outside Directors and outside Corporate Auditors (¥129 million).
4. The Company's retirement benefit scheme for Directors and Corporate Auditors was abolished at the conclusion of the 17th Ordinary General Meeting of Shareholders held on June 23, 2004. It was approved at the meeting that vested retirement benefits would be paid out to each Director or Corporate Auditor who was reappointed or was in the middle of his or her term of office at such meeting, based on the Company's regulations. In accordance with such approval, retirement benefits in the amount of ¥130 million were paid to four Directors who retired during this fiscal year in addition to the above remuneration.

## NUMBER OF DIRECTORS

JR East's articles of incorporation stipulate that the number of JR East's directors shall be 30 or less.

## CONDITIONS FOR DETERMINING THE SELECTION OF DIRECTORS

The conditions stipulated by JR East's articles of incorporation for resolutions are a quorum of shareholders with one-third or more voting rights and the approval of the resolution by shareholders with more than half of those voting rights.

## RESOLUTIONS TO BE DECIDED BY THE GENERAL SHAREHOLDERS' MEETING THAT MAY BE DECIDED BY THE BOARD OF DIRECTORS

### Acquisition of Treasury Stock

In accordance with article 165, paragraph 2, of the Company Law, JR East's articles of incorporation provide for the acquisition of treasury stock through market transactions and other means based on a resolution of the Board of Directors. This is designed to enable the execution of flexible capital policies that respond to current and future changes in the operating environment.

## Interim Dividends

JR East's articles of incorporation stipulate that interim dividends based on article 454, paragraph 5, of the Company Law may be paid to shareholders that are registered or recorded or registered pledges as of the end of September 30 of each year. This is designed to enable the flexible execution of measures to distribute profit to shareholders.

## CONDITIONS FOR SPECIAL RESOLUTIONS OF THE GENERAL SHAREHOLDERS' MEETING

The conditions stipulated by JR East's articles of incorporation for resolutions based on article 309, paragraph 2, of the Company Law are a quorum of shareholders with one-third or more voting rights and the approval of the resolution by shareholders with two-thirds or more of those voting rights. These conditions are designed to promote the smooth and efficient functioning of the general shareholders' meetings.

## OTHER

With regard to information disclosure, JR East is proactively engaged in public relations and investor relations programs. By making use of its website and other media, JR East is striving to increase the volume of information disclosed, ensure that information disclosure is timely, and otherwise improve its information disclosure.

## COMPENSATION OF CERTIFIED PUBLIC ACCOUNTANTS THAT CONDUCT ACCOUNTING AUDITS

	Millions of Yen		
Previous fiscal year	Filing company (JR East)	Consolidated subsidiaries	Total
Compensation for auditing and attestation	¥ —	¥ —	¥ —
Compensation for non-auditing	—	—	—
Fiscal year under review			
Compensation for auditing and attestation	¥260	¥437	¥697
Compensation for non-auditing	5	8	13

## OTHER IMPORTANT COMPENSATION DETAILS

No applicable items.

## DETAILS OF NON-AUDITING SERVICES FOR JR EAST PROVIDED BY CERTIFIED PUBLIC ACCOUNTANTS THAT CONDUCT ACCOUNTING AUDITS

Non-auditing services for which JR East pays compensation to certified public accountants that conduct accounting audits are agreed procedures and the preparation of comfort letters.

## POLICY FOR DECIDING AUDITOR COMPENSATION

No applicable items.

