

## HABATAKU Empower



Developing employees and create a corporate culture that maximizes human potential

Unless every employee achieves personal growth, we will be unable to drive the growth of the JR East Group as a whole. In the services sector, where JR East operates, the capabilities of frontline employees closest to customers are extremely important. To ensure that employees are able to experience personal growth and fulfillment through their work, we will strive to provide numerous opportunities where highly motivated employees can succeed and tackle new challenges. At the same time, we will create a culture of respect for embracing challenges, where people feel empowered to try new initiatives. Moreover, through technological innovation and participation in overseas railway projects, among other means, we aim to build an open and transparent corporate culture and nurture personnel with an expansive perspective, as we foster employees who are able to take a broad interest in other industries and the world at large. To address the tumultuous management environment and allocate business resources to growing sectors, we will create a lean, muscular and agile management structure that is able to continuously generate profit.

### ① Expanding opportunities for employees to succeed and tackle challenges

***(Expanding opportunities to fulfill employees' aspirations)***

In addition to firmly establishing a new personnel and wage system introduced in FY2013, we have been increasing opportunities to fulfill employees' aspirations such as by establishing application-based projects and training programs, and personnel exchanges with others outside the company. Through these measures, we intend to broaden our search for talented people, while actively harnessing the extensive potential of every employee.

***(Promoting diversity)***

We will continue to promote the development of a work environment where women and people with disabilities can succeed. Considering our expansion of overseas business and the increase in tourists visiting Japan from abroad, we will actively work to recruit non-Japanese employees.

***(Passing on skills and technology-related capabilities of veteran employees, while nurturing leaders of technological innovation)***

Given that our workforce will see the rapid replacement of older generations by younger generations over the next 10 years, we will accelerate the transfer of skills and technology-related capabilities, while increasing opportunities for employees to efficiently and effectively acquire these skills and capabilities. In addition, we will endeavor to strengthen training of mid-level employees who will play a core role in workplaces going forward.

Furthermore, we will work to nurture personnel who can lead the way for the Group's technological innovation. Measures will include utilizing the JR East Technical Academy (for employees), along with promoting personnel exchanges and joint research with external research institutes, partner companies and other entities.

***(Nurturing global human resources)***

We will launch the Global Human Resources Development Program—Ever Onward, which will consist of training options such as on-the-job training on overseas railway projects, short-term and long-term study abroad programs, and opportunities to obtain business experience at public-sector agencies and external companies. In this manner, we will systematically nurture global human resources.



### ② Corporate culture reforms—Work style reforms, raising the efficiency of organizational management—

***(Promoting cohesive group management)***

Aiming to enhance Group value, we will rigorously implement two principles. The first is horizontal division of duties, where individual Group companies fully demonstrate their strengths based on autonomous decision-making in an effort to fulfill their roles and missions. The second is overall optimization, where companies act with a constant awareness of how they can cooperate and contribute to the Group's development as a whole. While working to ensure latitude in operations and clarify responsibilities, we will develop shared Group IT infrastructure and promote active personnel exchanges, with the aim of promoting cohesive group management.

***(Speedy corporate management)***

We will review the roles of Head Office, branches and operating sites, to ensure that more timely management decisions are made in closer touch with customers and communities.

***(Innovation in work styles at the Head Office etc.)***

In the Head Office etc., we are promoting work style reforms such as switching to paperless operations, revamping the intranet, and achieving work styles that are not tied to specific workstations. These measures are designed to further harness the abilities of employees and establish a more efficient operating structure.

### ③ Establishing a lean, muscular and agile management structure

***(Cash flow policies that help to improve corporate value)***

We will continue to conduct management with an emphasis on driving growth in operating cash flows, while using these cash flows for investments in sustainable growth and a stronger base of operations. In regard to returns to shareholders, we have established a new total return ratio target of 33%. To reach this target, we will continue working to maintain stable dividends while flexibly conducting share buybacks. Another priority in achieving such a sound financial base is to steadily reduce interest-bearing debt. Our target is to reduce interest-bearing debt to ¥3,000 billion sometime during the 2020s. (Interest-bearing debt was ¥3,340.2 billion as of March 31, 2012.)

***(Strategic downsizing)***

We intend to build a lean, muscular and agile management structure to pave the way for sustainable growth. To this end, we will implement downsizing from a strategic perspective. Measures will include dismantling underutilized facilities, streamlining facilities, and optimizing transportation capacity based on transportation trends.

