

[TRANSLATION]

Corporate Governance Report

Last Updated: November 17, 2021

East Japan Railway Company
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The corporate governance of East Japan Railway Company (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Facts and Other Basic Information

1. Basic views

The Company aims to achieve sustainable growth of its business and growth in corporate value over the medium to long term by making transparent, fair and prompt decisions to address its challenges, such as gaining greater trust from customers based on ultimate safety levels and realizing affluent lives for everyone and also by making efforts to achieve appropriate collaborations with its stakeholders, including shareholders, customers, local communities, business partners, creditors and individuals working in the Company and its group companies (the “Group”).

The Company, by resolution of the board of directors, establishes “East Japan Railway Company Corporate Governance Guidelines”, which present its basic views on and specific measures for corporate governance (attached hereto), and publishes them on the Company’s website (https://www.jreast.co.jp/e/data/pdf/governance_guideline.pdf).

Reasons for non-compliance with the principles of the Corporate Governance Code

The Company has implemented all principles of the Corporate Governance Code announced on June 11, 2021.

Disclosure based on the principles of the Corporate Governance Code

- **Principle 1.4 Policy on cross-shareholdings and specific standards with respect to the voting rights as to cross-shareholdings**

The Company will hold shares in selected companies that will contribute to its corporate value, in order to maintain and strengthen stable business relationships and close cooperative relationships with such companies over the medium to long term. The Company will exercise its rights as a shareholder of a company by examining the details of proposals for each general meeting of shareholders of such company and requesting any explanation therefor, as necessary, in consideration of whether the proposal contributes to the medium- to long-term corporate value of such company and whether the proposal is in accordance with the objectives for such shareholding. When a selected company proposes to dispose of Company shares, the Company shall not take

action to inhibit such disposal, including by suggesting that such disposition would reduce business with the Company.

The Company will examine the medium- to long-term economic rationale and outlook of its shareholdings in each of the selected companies in light of their operating results (operating revenues and operating income) and capital cost (comparison with internal rate of return). Based on such examination and objectives for such shareholdings, the Company will consider whether it is necessary to dispose of its shareholding in any company upon discussion with such company where it is determined that the rationale for such shareholding may have ceased to exist. Each of the Company's shareholdings in the selected companies as of March 31, 2021 was examined at the meeting of the board of directors held on June 16, 2021, and only the shares confirmed to have a rationale will continue to be held.

(Article 5 of Corporate Governance Guidelines)

- **Principle 1.7 Related party transactions**

The Company will obtain prior consent from the board of directors when engaging in transactions with any of its directors, corporate auditors or major shareholders (defined as persons holding 10% or greater of total voting rights) in order not to harm the interests of the Company or the common interests of its shareholders. The board of directors will confirm after the fact the details of the relevant transactions.

Before providing the consent described above, the board of directors will investigate the specific details of the relevant transaction and take appropriate actions such as obtaining confirmation from a department handling legal affairs, as necessary.

(Article 6 of Corporate Governance Guidelines)

- **Supplementary Principle 2.4.1 Promotion of diversity in the company**

Please refer to III. 3. of this Report (Measures to ensure due respect to stakeholders).

- **Principle 2.6 Roles of corporate pension funds as asset owners**

The Company does not have a corporate pension funds system.

- **Principle 3.1 Full Disclosure**

- i) **Formulation of medium-term management vision**

In order to establish the direction of its Group management that responds to ongoing changes in the business environment, the Company will set forth the medium-term management vision by resolution of the board of directors.

When making a public announcement of the medium-term management vision, the Company will, upon accurately assessing its capital cost, clearly explain to stakeholders its numerical business targets and plans to achieve those targets, including its medium-term business portfolio and policy for allocating management resources such as on capital investments to realize such goals. The medium-term management vision will be disclosed on the Company's website.

In the event that the targets set forth in the medium-term management vision are not achieved, the board of directors will analyze the reasons therefor and will address such reasons in the subsequent management vision.

(Article 11 of Corporate Governance Guidelines)

- ii) Basic views on corporate governance
Please refer to I.1. of this Report (Basic views).
- iii) Policies and procedures in determining the remuneration of directors
Please refer to II.1. of this Report (Organizational composition and operation – Director remuneration).
- iv) Policies and procedures in the appointment of directors and corporate auditors
Please refer to II.2. of this Report (Matters on functions of business execution, audit and oversight, nomination and remuneration decisions (overview of current corporate governance system)).
- v) Explanation with respect to the appointments or dismissals of directors and corporate auditors
When preparing a proposal for the appointment or dismissal of a director or a corporate auditor, the Company will include in the reference materials for general meeting of shareholders reasons for the appointment or dismissal of each candidate, including his or her professional biography and current positions and responsibilities.
(Article 18 of Corporate Governance Guidelines)

- **Supplementary Principle 3.1.3 Disclosure of initiatives on sustainability**

Please refer to III.3. of this Report (Measures to ensure due respect to stakeholders).

- **Supplementary Principle 4.1.1 Scope of delegation to representative director**

The board of directors will resolve matters as provided in applicable laws and regulations or the articles of incorporation, matters essential to business, such as management policies, business vision, capital investments over a certain amount, and matters concerning consolidated subsidiaries as well as other matters deemed necessary by the board of directors. Decisions on the execution of duties for other matters will, as a general rule, be delegated to the representative director.

(Article 21 of Corporate Governance Guidelines)

- **Principle 4.9 Independence standards and qualification for independent directors**

Please refer to II.1. of this Report (Organizational composition and operation – Independent directors and corporate auditors – Other matters relating to independent directors and corporate auditors).

- **Supplementary Principle 4.10.1 Independent committees**

Please refer to II.1. of this Report (Organizational composition and operation – Directors – Supplementary explanation).

- **Supplementary Principle 4.11.1 Views on composition of the board of directors**

Please refer to II.2. of this Report (Matters on functions of business execution, audit and oversight, nomination and remuneration decisions (overview of current corporate governance system)).

- **Supplementary Principle 4.11.2** **Important concurrent positions at other entities held by directors and corporate auditors**

The important concurrent positions at other entities held by directors and corporate auditors will be disclosed in the business reports and the reference materials for general meeting of shareholders.

(Article 26 of Corporate Governance Guidelines)

- **Supplementary Principle 4.11.3** **Maintenance of effectiveness of the board of directors**

Each year the board of directors will analyze and evaluate the effectiveness of the board of directors as follows, and a summary of the results will be disclosed in this report.

- (1) evaluate the effectiveness of the board of directors with respect to its roles and responsibilities including transparent, fair and prompt decision-making; and
- (2) each director will conduct a self-evaluation with respect to the effectiveness of the board of directors; a hearing with independent outside directors (i.e., outside directors who meet the independence standards for outside directors and outside corporate auditors set forth in Article 24) will be held upon analyzing the results of self-evaluation; and the operation, etc. of the board of directors will be reviewed, as necessary.

At the meeting of the board of directors held on May 14, 2021, analysis and evaluation of the effectiveness of the board of directors were conducted. The summary of the results is as follows.

- (1) As a result of the self-evaluation, it was confirmed that appropriate discussions on necessary items had been held, sufficient reports that help to oversee the execution of duties were made, and a compliance system had been maintained at the board of directors. The Company's board of directors analyzed that it had fully performed its role and responsibilities, and was deemed effective.
 - (2) Based on interviews of independent outside directors, the Company will enhance site visits by independent outside directors and training for directors such as through outside experts' seminars, strengthen monitoring of collaboration among business segments toward realization of "Move Up" 2027, and accelerate discussion on the post-pandemic business direction and strategies for further improvement of effectiveness of the board of directors.
- (Article 27 of Corporate Governance Guidelines)

- **Supplementary Principle 4.14.2** **Training policy for directors and corporate auditors**

In order for directors and corporate auditors to understand their roles and responsibilities and to properly carry out their roles, the Company will provide opportunities to attend regular study sessions and internal and external seminars, in addition to compiling for their review relevant materials such as applicable laws and regulations and the articles of incorporation.

The Company will provide opportunities to outside directors and outside corporate auditors to review the operational sites of the Company in order to deepen their understanding of the Company's business.

The board of directors will verify that the matters covered by the preceding paragraphs are being addressed by requesting reports and other information from the responsible director.

(Article 28 of Corporate Governance Guidelines)

• **Principle 5.1 Policy for constructive dialogue with shareholders**

The Company will respond in good faith to requests for dialogue from shareholders.

The Company will decide who will engage the shareholder in a dialogue based on its request and interest, with the basic policy that a director, an executive officer or a corporate auditor will attend the meeting.

The Management Planning Department, Corporate Planning Headquarters and the Corporate & Legal Strategies Department will be the departments responsible for dialogue with shareholders, which will be overseen by the Director General of the Corporate Planning Headquarters.

The departments responsible for dialogue with shareholders will exchange opinions as appropriate among themselves and share the details of the dialogue with other relevant departments such as the Finance Department.

The Company will hold financial results presentations, disclose the details thereof on the Company's website and undertake initiatives in overseas investor relations. Opinions learned through dialogue with shareholders will be reported at the executive committee (i.e., a committee composed of executive directors and other members).

The Company will set forth provisions regarding insider trading by resolution of the board of directors. Further, the Company will appropriately manage insider information by implementing a disclosure policy that, among other things, provides a period prior to the public announcement of financial results during which insiders are not allowed to interact with shareholders.

(Article 9 of Corporate Governance Guidelines)

2. Capital structure

Foreign shareholding ratio	From 20% to less than 30%
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Status of major shareholders

Name	Number of shares owned (shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (as Trustee)	46,335,700	12.27
Custody Bank of Japan, Ltd. (as Trustee)	14,223,300	3.77
Mizuho Bank, Ltd.	13,000,000	3.44
The JR East Employees Shareholding Association	12,251,100	3.24
MUFG Bank, Ltd.	8,138,000	2.16
Nippon Life Insurance Company	8,015,500	2.12
The Dai-ichi Life Insurance Company, Limited	8,000,000	2.12
Sumitomo Mitsui Banking Corporation	6,845,000	1.81
STATE STREET BANK WEST CLIENT – TREATY 505234	6,057,600	1.60
GIC PRIVATE LIMITED - C	5,099,800	1.35

Controlling shareholder (except for parent company)	N/A
Parent company	None

Supplementary explanation

- The shareholders listed under “Status of major shareholders” are based on the Company’s shareholders register as of September 30, 2021.
- The report of change in substantial holding filed by BlackRock Japan Co., Ltd. and its joint shareholders dated December 21, 2020 states that they held the below shares as of December 15, 2020. However, since the Company cannot confirm the number of shares actually held by such entities as of September 30, 2021, they are not included in “Status of major shareholders” above. Details of the said report of change in substantial holding is as follows:

Name	Number of shares owned (percentage)
BlackRock Japan Co., Ltd.	4,282,700 shares (1.13%)
BlackRock Financial Management, Inc.	381,000 shares (0.10%)
BlackRock Fund Managers Limited	839,500 shares (0.22%)
BlackRock Asset Management Ireland Limited	1,616,400 shares (0.43%)
BlackRock Fund Advisors	5,511,600 shares (1.46%)
BlackRock Institutional Trust Company, N.A.	4,951,800 shares (1.31%)
BlackRock Investment Management (UK) Limited	1,384,100 shares (0.37%)

- The report of change in substantial holding filed by Mitsubishi UFJ Financial Group, Inc. dated March 29, 2021 states that the entities named below held the below shares as of March 22, 2021. However, since the Company cannot confirm the number of shares actually held by such entities as of September 30, 2021, they are not included in “Status of major shareholders” above. Details of the said report of change in substantial holding is as follows:

Name	Number of shares owned (percentage)
MUFG Bank, Ltd.	8,138,000 shares (2.15%)
Mitsubishi UFJ Trust and Banking Corporation	20,443,100 shares (5.41%)
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	2,785,500 shares (0.74%)
First Sentier Investors (Australia) IM Ltd	1,243,600 shares (0.33%)

- The report of change in substantial holding filed by Mizuho Bank, Ltd. and its joint shareholder dated July 7, 2021 states that they held the below shares as of June 30, 2021. However, since the Company cannot confirm the number of shares actually held by such entities as of September 30, 2021, they are not included in “Status of major shareholders” above. Details of the said report of change in substantial holding is as follows:

Name	Number of shares owned (percentage)
Mizuho Bank, Ltd.	13,000,000 shares (3.44%)
Asset Management One Co., Ltd.	10,352,400 shares (2.74%)

- The report of change in substantial holding filed by Sumitomo Mitsui Trust Bank, Limited dated July 21, 2021 states that the entities named below held the below shares as of July 15, 2021. However, since the Company cannot confirm the number of shares actually held by such entities as of September 30, 2021, they are not included in “Status of major shareholders” above. Details of the said report of change in substantial holding is as follows:

Name	Number of shares owned (percentage)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	12,869,400 shares (3.41%)
Nikko Asset Management Co., Ltd.	6,089,100 shares (1.61%)

3. Corporate facts

Listed stock exchange and market section	Tokyo Stock Exchange, First Section
Fiscal year-end	March
Type of business	Land transportation
Number of employees (consolidated) as of the end of the previous fiscal year	More than 1,000
Operating revenues (consolidated) for the previous fiscal year	More than ¥1 trillion
Number of consolidated subsidiaries as of the end of the previous fiscal year	From 50 to less than 100

4. Policy on measures to protect minority shareholders in transactions with controlling shareholder

N/A

5. Other special circumstances which may have material impact on corporate governance

There are no special circumstances, such as the presence of a parent or a listed subsidiary, that may have a material impact on corporate governance.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational composition and operation

Organizational form	Company with <i>kansayaku</i> board (board of corporate auditors)
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Directors

Maximum number of directors stipulated in Articles of Incorporation	20
Term of office stipulated in Articles of Incorporation	1 year
Chairperson of the board of directors	Company Chairman (except when he or she serves also as the President)
Number of directors	11
Appointment of outside directors	Appointed
Number of outside directors	3

Number of independent directors designated from among outside directors	3
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Outside directors' relationship with the Company (1)

Name	Background	Relationship with the Company										
		a	b	c	d	e	f	g	h	i	j	k
Motoshige Itoh	Academic								○		△	
Reiko Amano	From another company								△			
Hiroko Kawamoto	From another company								△			

* The symbols mean the following with respect to each "Relationship with the Company" category:

* "○" means the director presently has or recently had the relationship described in the category;

"△" means the director had in the past the relationship described in the category

* "●" means a close relative of the director presently has or recently had the relationship described in the category;

"▲" means a close relative of the director had in the past the relationship described in the category

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent of the Company

c. Executive of another entity whose ultimate parent is the same as that of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company other than remuneration as a director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h. Executive of a client or supplier of the Company (which does not correspond to any of d, e, or f) (applicable only to the director)

i. Executive of another company where the Company and such company appoint each other's outside directors or corporate auditors (applicable only to the director)

j. Executive of a company or organization that receives donations from the Company (applicable only to the director)

k. Others

Outside directors' relationship with the Company (2)

Name: Motoshige Itoh

Designation as independent director: Yes

Supplementary explanation of the relationship:

Mr. Motoshige Itoh has worked at the University of Tokyo (National University Corporation, the University of Tokyo) to which the Company makes donation and with which the Company has a transactional relationship, but for the last three (3) fiscal years the amount of donation and other payments to such corporation has been no more than 2% of the annual total income of such corporation and the payment

from such corporation to the Company has been no more than 2% of the annual consolidated net sales of the Company. Also, he works at Gakushuin University (The Gakushuin School Corporation) with which the Company has a transactional relationship, but for the last three (3) fiscal years the payment from such corporation to the Company has been no more than 2% of the annual consolidated net sales of the Company. The Company believes that the above donation and transactions have no effect on the judgment of shareholders and investors based on their volume and nature.

Reasons for appointment:

Mr. Motoshige Itoh has experience as professor at the University of Tokyo and Gakushuin University, and Dean of the Graduate School of Economics and Faculty of Economics of the University of Tokyo. He is suitable as an outside Director based on his sound judgment and insight necessary for company management and his ability to supervise and advise on the Company's management. As he meets the "Independence Standards for Outside Directors and Outside Corporate Auditors" of the Company and presents no conflict of interest risk with ordinary shareholders, the Company has designated him as independent director.

Name: Reiko Amano

Designation as independent director: Yes

Supplementary explanation of the relationship:

Ms. Reiko Amano has worked at Kajima Corporation with which the Company has a transactional relationship, but for the last three (3) fiscal years the volume of business has been no more than 2% of the annual consolidated net sales of both companies. Also she worked as executive director at National Research Institute for Earth Science and Disaster Resilience with which the Company has a transactional relationship, but for the last three (3) fiscal years the payment from the Company to such corporation has been no more than 2% of the annual consolidated net sales of such corporation. She works at National Institute for Environmental Studies and Japan Atomic Energy Agency with which the Company has no relationship that needs to be disclosed for the last three (3) fiscal years. The Company believes that the above transactions have no effect on the judgment of shareholders and investors based on their volume and nature.

Reasons for appointment:

Ms. Reiko Amano held important offices at Kajima Corporation, National Research Institute for Earth Science and Disaster Resilience, National Institute for Environmental Studies and Japan Atomic Energy Agency. She is suitable as an outside Director based on her sound judgment and insight necessary for company management and her ability to supervise and advise on the Company's management. As she meets the "Independence Standards for Outside Directors and Outside Corporate Auditors" of the Company and presents no conflict of interest risk with ordinary shareholders, the Company has designated her as independent director.

Name: Hiroko Kawamoto

Designation as independent director: Yes

Supplementary explanation of the relationship:

Ms. Hiroko Kawamoto has worked at ALL NIPPON AIRWAYS CO., LTD. with which the Company has a transactional relationship, but for the last three (3) fiscal years the volume of business has been no more than 2% of the annual consolidated net sales of both companies. She works at ANA Strategic Research Institute Co., Ltd. with which the Company has no relationship that needs to be disclosed for the last three (3) fiscal years. The Company believes that the above transactions have no effect on the judgment of shareholders and investors based on their volume and nature.

Reasons for appointment:

Ms. Hiroko Kawamoto held important offices at ALL NIPPON AIRWAYS CO., LTD. and ANA Strategic Research Institute Co., Ltd. She is suitable as an outside Director based on her sound judgment and insight necessary for company management and her ability to supervise and advise on the Company's management. As she meets the "Independence Standards for Outside Directors and Outside Corporate Auditors" of the Company and presents no conflict of interest risk with ordinary shareholders, the Company has designated her as independent director.

Voluntary establishment of committee(s) equivalent to Nominating Committee or Remuneration Committee	Established
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Committees established voluntarily, their composition, and background of chairperson

	Committee equivalent to Nominating Committee	Committee equivalent to Remuneration Committee
Name of committee	Personnel Deliberation Committee	Remuneration Deliberation Committee
All committee members	5	5
Full-time members	0	0
Internal directors	2	2
Outside directors	3	3
Outside experts	0	0
Others	0	0
Chairperson	Outside director	Outside director

Supplementary explanation

To ensure the objectivity and transparency of the decision-making procedures, the board of directors will first consult with the personnel deliberation committee regarding any resolution with respect to a proposal for appointment or dismissal of directors, resolution with respect to the appointment or dismissal of the president and representative director or decision on a succession plan for the president and representative director or any other director, and the committee will provide a

recommendation on the consulted matter from a perspective independent from the board of directors. During the fiscal year ended March 31, 2021, meetings of the personnel deliberation committee were held twice, attended by all members.

To ensure the objectivity and fairness of the decision-making procedures, the board of director will first consult with the remuneration deliberation committee on decisions concerning remuneration, and the committee will provide a recommendation on the consulted matter from a perspective independent from the board of directors. During the fiscal year ended March 31, 2021, meetings of the remuneration deliberation committee were held four times, attended by all members.

Roles and authorities of each committee are described in the Corporate Governance Guidelines of the Company.

(Article 17 and Article 20 of Corporate Governance Guidelines)

Corporate Auditors

Establishment of <i>kansayaku</i> board (board of corporate auditors)	Established
Maximum number of corporate auditors stipulated in Articles of Incorporation	5
Number of corporate auditors	5

Cooperation among corporate auditors, accounting auditor and departments handling internal audit

With respect to cooperation among the corporate auditors, accounting auditor and departments handling internal audit, regular informational meetings of the corporate auditors and directors in charge of a department handling internal audit are held approximately once a month. During the fiscal year ended March 31, 2021, the corporate auditors held 18 meetings with the accounting auditor to receive reports on the status of audit and exchange opinions, to enable efficient and effective audit activities of both parties through information sharing. Also, the corporate auditors, the department handling internal audit and the accounting auditor meet twice a year to exchange opinions.

Appointment of outside corporate auditors	Appointed
Number of outside corporate auditors	4
Number of independent corporate auditors designated from among outside corporate auditors	4

Outside corporate auditors' relationship with the Company (1)

Name	Background	Relationship with the Company												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Keiji Takiguchi	Other										△			
Takashi Kinoshita	Other										△			
Seishi Kanetsuki	Other													
Kimitaka Mori	Certified public accountant										△			

* The symbols mean the following with respect to each “Relationship with the Company” category:

* “○” means the corporate auditor presently has or recently had the relationship described in the category;

“△” means the corporate auditor had in the past the relationship described in the category

* “●” means a close relative of the corporate auditor presently has or recently had the relationship described in the category;

“▲” means a close relative of the corporate auditor had in the past the relationship described in the category

a. Executive of the Company or its subsidiaries

b. Non-executive director or accounting adviser of the Company or its subsidiaries

c. Non-executive director or executive of a parent of the Company

d. Corporate auditor of a parent company of the Company

e. Executive of another entity whose ultimate parent is the same as that of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company other than remuneration as a director

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

j. Executive of a client or supplier of the Company (which does not correspond to any of d, e, or f) (applicable only to the corporate auditor)

k. Executive of another company, where the Company and such company appoint each other’s outside directors or corporate auditors (applicable only to the corporate auditor)

l. Executive of a company or organization that receives a donation from the Company (applicable only to the corporate auditor)

m. Others

Outside corporate auditors’ relationship with the Company (2)

Name: Keiji Takiguchi

Designation as independent corporate auditor: Yes

Supplementary explanation of the relationship:

Mr. Keiji Takiguchi worked at the Ministry of Land, Infrastructure, Transport and Tourism with which the Company has a transactional relationship, but for the last three (3) fiscal years the amount of payment by the Company to the Ministry has been less than 2% of the annual gross revenue of the Ministry and the amount of payment by the Ministry to the Company has been less than 2% of the annual consolidated net sales of the Company. The Company believes that the above transactions have no effect on the judgment of shareholders and investors based on their volume and nature.

Reasons for appointment:

Mr. Keiji Takiguchi held important offices at the Ministry of Land, Infrastructure, Transport and Tourism and served as an ambassador extraordinary and

plenipotentiary. He is suitable to audit the execution of duties by Directors of the Company based on his sound judgment and insight necessary for audit of business operation. As he meets the “Independence Standards for Outside Directors and Outside Corporate Auditors” of the Company and has no risk of a conflict of interest between ordinary shareholders, the Company has designated him as independent corporate auditor.

Name: Takashi Kinoshita

Designation as independent corporate auditor: Yes

Supplementary explanation of the relationship:

Mr. Takashi Kinoshita worked at the National Police Agency, and the Company has a transactional relationship with police-related agencies, but for the last three (3) fiscal years the amount of payment by such agencies to the Company has been less than 2% of the annual consolidated net sales of the Company. The Company believes that the above transactions have no effect on the judgment of shareholders and investors based on their volume and nature.

Reasons for appointment:

Mr. Takashi Kinoshita held important offices at the National Police Agency. He is suitable to audit the execution of duties by Directors of the Company based on his sound judgment and insight necessary for audit of business operation. As he meets the “Independence Standards for Outside Directors and Outside Corporate Auditors” of the Company and has no risk of a conflict of interest between ordinary shareholders, the Company has designated him as independent corporate auditor.

Name: Seishi Kanetsuki

Designation as independent corporate auditor: Yes

Supplementary explanation of the relationship:

Mr. Seishi Kanetsuki has worked at courts and other organizations with which the Company has no relationship that needs to be disclosed for the last three (3) fiscal years.

Reasons for appointment:

Mr. Seishi Kanetsuki has broad experience and is an accomplished member of the legal community. He is suitable as Corporate Auditor based on his sound judgment and insight necessary for audit of business operation. As he meets the “Independence Standards for Outside Directors and Outside Corporate Auditors” of the Company and has no risk of a conflict of interest between ordinary shareholders, the Company has designated him as independent corporate auditor.

Name: Kimitaka Mori

Designation as independent corporate auditor: Yes

Supplementary explanation of the relationship:

Mr. Kimitaka Mori has worked at KPMG AZSA LLC, the Accounting Auditor of the Company, but for the last three (3) fiscal years the amount of remuneration paid by the Company to KPMG AZSA LLC for audit certificate services and non-audit services has been no more than 2% of the annual consolidated net sales of KPMG AZSA LLC. In light of the volume and nature of above transactions, the Company believes that they have no effect on the judgments of shareholders and investors. The total amount of remuneration paid by the Company to KPMG AZSA LLC for audit services and non-audit services for the fiscal year ended March 31, 2021 was ¥265 million.

Reasons for appointment:

Mr. Kimitaka Mori has been engaged in company audit as a certified public accountant over the years, and has professional insight regarding corporate finance and accounting. He is suitable to audit the execution of duties by Directors of the Company based on his sound judgment and insight necessary for audit of business operation. As he meets the “Independence Standards for Outside Directors and Outside Corporate Auditors” of the Company and has no risk of a conflict of interest between ordinary shareholders, the Company has designated him as independent corporate auditor.

Independent directors and corporate auditors

Number of independent directors and corporate auditors	7
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Other matters relating to independent directors and corporate auditors

The Company designates all outside directors who meet the independence standards as independent directors and corporate auditors. Such standards are as described below.

Independence Standards for Outside Directors and Outside Corporate Auditors

1. Outside directors and outside corporate auditors of the Company shall be deemed to be independent if they do not fall under any of the following categories:

- (1) a major business partner (a vendor) of the Company or a consolidated subsidiary thereof (Note 1), or an executive of a corporation that is such partner (Note 2);
- (2) a major business partner (a customer) of the Company or a consolidated subsidiary thereof (Note 3), or an executive of a corporation that is such partner;
- (3) a consultant, certified public accountant or other accounting expert, or attorney or other legal expert who has received money or other property benefits other than

compensation for directors in excess of JPY10 million per annum from the Company or a consolidated subsidiary thereof during any of the immediately preceding three (3) year fiscal years of the Company or a consolidated subsidiary thereof; or a consultant, certified public accountant or other accounting expert, or attorney or other legal expert who belongs to a corporation or other entity whose property benefits received from the Company or a consolidated subsidiary thereof has exceeded 2% of its annual income for any of the immediately preceding three (3) fiscal years of such corporation or other entity;

(4) a major shareholder of the Company (Note 4), or an executive of a corporation that is such shareholder;

(5) a certified public accountant or a member, partner, or employee of an auditing firm which was an outside accounting auditor of the Company for the most recent three (3) fiscal years, and was actually in charge of audit work of the Company (except administrative or ancillary staff);

(6) a major lender to the Company or a consolidated subsidiary thereof (Note 5), or an executive of a corporation that is such lender;

(7) a recipient of donations in excess of JPY10 million per annum from the Company or a consolidated subsidiary thereof during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof; or an executive of a corporation whose donations received from the Company or a consolidated subsidiary thereof has exceeded 2% of its annual sales or annual total income for any of the immediately preceding three (3) fiscal years of such corporation;

(8) the spouse or relative by blood or marriage within the second degree of the executive (including directors who are not executives if an outside corporate auditor is designated as an independent corporate auditor) of the Company or a subsidiary thereof (to the extent such person is deemed to be an important party (Note 6));

(9) the spouse or relative by blood or marriage within the second degree of a party falling under items (1) to (7) (to the extent such person is deemed to be an important party);
or

(10) in addition to the preceding items, a person who is unable to perform duties as an outside director or an outside corporate auditor with independence due to a conflict of interest with the Company or other special circumstance.

2. If an outside director or an outside corporate auditor who is deemed to be independent based on the foregoing standards subsequently falls within any of the items of 1 above, such director or corporate auditor shall immediately notify the Company.

Notes:

(1) A major business partner (a vendor) of the Company or a consolidated subsidiary thereof means a recipient of payment from the Company or a consolidated subsidiary thereof in excess of 2% of the annual consolidated sales during any of the immediately preceding three (3) fiscal years of such party.

- (2) An executive means an executive director or other director executing the business of the corporation, executive officer, or employee of the corporation (the same applies in the following items).
- (3) A major business partner (a customer) of the Company or a consolidated subsidiary thereof means a payer to the Company or a consolidated subsidiary thereof in excess of 2% of the annual consolidated sales during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof.
- (4) A major shareholder of the Company means a shareholder who has held, either directly or indirectly, 10% or more of the total number of voting rights during any of the immediately preceding three (3) fiscal years of the Company.
- (5) A major lender to the Company or a consolidated subsidiary thereof means a financial institution that has provided a loan to the Company or a consolidated subsidiary thereof in excess of 2% of the consolidated total assets during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof.
- (6) An important party means a person in a position at least equivalent to that of an important employee.

Incentives

Implementation of measures to provide incentives to directors	Performance-linked remuneration
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Supplementary explanation

For the policy on determination of the ratio of performance-linked remuneration and other remuneration, indicators for performance-linked remuneration, reasons for their adoption and results, please refer to II. 1. of this Report (Organizational composition and operation - Director remuneration).

Recipients of stock options	
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Supplementary explanation

N/A

Director remuneration

Disclosure of each director's remuneration	No disclosure
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Supplementary explanation

1. Total amount of remuneration of directors and corporate auditors

Total amount of remuneration of directors and corporate auditors of the Company for the fiscal year ended March 31, 2021 was as follows:

Directors (excluding outside directors): 11	Total amount: ¥364 millions (basic remuneration: ¥364 millions)
Corporate auditors (excluding outside corporate auditors): 1	Total amount: ¥12 millions (basic remuneration: ¥12 millions)
Outside directors and corporate auditors: 9	Total amount: ¥142 millions (basic remuneration: ¥142 millions)
Total directors and corporate auditors: 21	Total amount: ¥518 millions (basic remuneration: ¥518 millions)

(Notes)

1. The maximum amount of remuneration to Directors was established to be ¥900 million per year (including ¥70 million to outside Directors) pursuant to a resolution adopted at the 29th Ordinary General Meeting of Shareholders held on June 23, 2016. As of the conclusion of this General Meeting of Shareholders, the number of Directors is 16 (including 3 outside directors).

2. The maximum amount of remuneration to Corporate Auditors was established to be ¥11 million per month pursuant to a resolution adopted at the 17th Ordinary General Meeting of Shareholders held on June 23, 2004. As of the conclusion of this General Meeting of Shareholders, the number of Corporate Auditors is 5 (including 4 outside corporate auditors).

3. The amount of basic remuneration includes the amount paid to four Directors retired at the conclusion of the 33rd Ordinary General Meeting of Shareholders held on June 23, 2020.

4. In light of the impact of COVID-19 on the business results, the Company's Directors (excluding outside directors) voluntarily returned 10% or 20% of their basic remuneration from May 2020 to March 2021. The amount of basic remuneration in the above table includes the amount voluntarily returned.

6. 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 ¥15 million were paid to a Director who retired during this fiscal year in addition to the above remuneration.

2. Indicators for performance-based remuneration, reasons for their adoption, and results

In addition to evaluating the results of each director's performance during the fiscal year, the Company evaluates operating results of the current fiscal year including operating income and profit and shareholder returns, given that a strong business characteristic of its divisions are that they collaborate with one another. Also, given that our business characteristic is that we require a long period from the planning stage to the achievement of results, the Company evaluates the level of contribution toward achieving the Group Management Vision "Move Up" 2027 and other indicators in a comprehensive manner and reflects these results in the calculation of remuneration. In evaluating the performance, the President and CEO confirms the results and contribution of relevant directors by conducting interviews to set targets aimed at achieving the annual plan and the Group Management Vision "Move Up" 2027 and follow-up interviews to track progress.

Performance-based remuneration is paid at a certain time each year as cash remuneration. However, the Company has decided not to pay performance-based remuneration for the 34th fiscal year in light of the impact of COVID-19 on the business results for the 34th fiscal year ended March 31, 2021 and anticipated impact on the 35th fiscal year ending March 31, 2022. The Company does not pay non-monetary remuneration.

3. Policy for determining the remuneration for each director

i) Method of determining the policy regarding details of remuneration for each director

The policy for determining details of remuneration for each director was resolved at a meeting of the Board of Directors held on February 17, 2021.

ii) Overview of policy

A. Basic policy

The Company pays basic remuneration to non-outside directors based on their positions as compensation for the execution of daily business operations within the limits of remuneration resolved at the General Meeting of Shareholders. The Company also pays performance-based remuneration based on business results, dividends to shareholders, and the level of contribution of such directors toward achieving the business results for the fiscal year and the Medium-Term Management Vision. The Company does not pay performance-based remuneration to outside directors in light of their responsibilities, but provides basic remuneration as compensation for the execution of duties within the limits of remuneration resolved at the General Meeting of Shareholders.

(Corporate Governance Guidelines Article 20)

B. Matters concerning the determination of details of remuneration for each director

Decisions on the amount of remuneration for each director (basic remuneration and performance-based remuneration) are made by resolution of the Board of Directors, subject to the President and CEO's discretion. From the viewpoint of ensuring transparency and fairness in the determination of the amount of remuneration for directors, the President and CEO consults in advance with the Remuneration Deliberation Committee, which is composed of independent outside directors and other directors, and makes decisions based on reports from the Remuneration Deliberation Committee.

C. Policy on determination of basic remuneration

The basic remuneration for the Company's directors is a fixed monthly remuneration and determined by taking into account the duties of directors according to their positions and the business characteristics of the Company.

D. Policy on determination of performance-linked remuneration

For performance-linked remuneration, in addition to evaluating the results of each director's performance during the fiscal year, the Company evaluates operating results of the current fiscal year

including operating income and profit and shareholder returns, given that a strong business characteristic of its divisions are that they collaborate with one another. Also, given that our business characteristic is that we require a long period from the planning stage to the achievement of results, the Company evaluates the level of contribution toward achieving the Group Management Vision and other indicators in a comprehensive manner and reflects these results in the calculation of remuneration. In evaluating the performance, the President and CEO confirms the results and contribution of relevant directors by conducting interviews to set targets aimed at achieving the annual plan and the Group Management Vision and follow-up interviews to track progress.

Performance-based remuneration is paid at a certain time each year as cash remuneration. The Company does not pay non-monetary compensation.

E. Policy on determination of the remuneration ratio (basic remuneration and performance-linked remuneration) for each director

The ratio of basic remuneration and performance-linked remuneration for non-outside directors is approximately 4:1, except for the variable portion due to the performance of each director, so that the performance-linked remuneration accounts for a certain percentage of the total remuneration. Performance-linked remuneration will be increased or decreased within a range between a 30% increase and a 40% decrease from the basic amount for each position, depending on the performance of each director. In addition, the Company may make further deductions in light of various factors related to the Company’s operation, including business results for the fiscal year and the forecast of business results for the next fiscal year.

iii) Reasons for the Board of Directors to determine that details of remuneration for each director for the fiscal year are in accordance with the policy

The Remuneration Deliberation Committee provides a report after confirming that the details of remuneration for each director are consistent with the policy. The Board of Directors generally respect such a report, and is of the view that that details of remuneration for each director are in accordance with the policy.

4. Matters concerning delegation of determination of remuneration for each director

In evaluating the performance of directors, the President and CEO confirms their results and contribution by conducting interviews to set targets aimed at achieving the annual plan and the Group Management Vision “Move Up” 2027 and tracing interviews. Accordingly, the determination of remuneration for each director has been resolved by the Board of Directors, subject to the discretion of Yuji Fukazawa, President and CEO. For this fiscal year, it was resolved at the meeting of the Board of Directors held on June 23, 2020 to delegate the determination of the amount of remuneration for each director to the President and CEO. From the viewpoint of ensuring transparency and fairness in the determination of the amount of remuneration for directors, the President and CEO consults in advance with the Remuneration Deliberation Committee, which is composed of independent outside directors and other directors, and makes decisions based on reports from the Remuneration Deliberation Committee.

Policy on determining remuneration amounts and calculation methods	Established
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Disclosure of policy on determining remuneration amounts and calculation methods

The Company pays basic remuneration to non-outside directors based on their positions as compensation for the execution of daily business operations within the limits of remuneration resolved at the General Meeting of Shareholders. The Company also pays performance-based remuneration based on business results, dividends to shareholders, and the level of contribution of such directors toward achieving the business results for the fiscal year and the Medium-Term Management Vision. The Company does not pay performance-based remuneration to outside directors in light of their responsibilities, but provides basic remuneration as compensation for the execution of duties within the limits of remuneration resolved at the General Meeting of Shareholders.

(Article 20 of Corporate Governance Guidelines)

Support system for outside directors and/or outside corporate auditors

With respect to outside directors, the Company designates assistants to the outside directors, and facilitates their activities by providing early notice of the board of directors meeting schedule and streamlining the system for relevant departments to respond to inquiries from outside directors, in addition to other measures. With respect to outside corporate auditors, the Company assigns about 10 specialized staff members to assist the outside corporate auditors to enable smooth audit activities, including receiving reports from and interviewing directors and auditing major business sites.

Status of persons who have retired as president and representative director, etc.

Advisers or consultants who have formerly served as president and representative director, etc.

Name	Title/position	Responsibilities	Working conditions	Date of retirement from president, etc.	Term
Mutsutake Otsuka	Part-time consultant	External activities such as public organization Advice requested by the Company	Part-time Uncompensated	March 31, 2012	From June 1, 2020
Satoshi Seino	Part-time consultant	External activities such as public organization Advice requested by the Company	Part-time Uncompensated	March 31, 2018	From June 1, 2020

Total number of advisers or consultants who have formerly served as president and representative director, etc.	2
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Other matters

N/A

2. Matters on functions of business execution, audit and oversight, nomination and remuneration decisions (overview of current corporate governance system)

The Company's board of directors is composed of 11 directors including 3 outside directors, and holds its meetings once a month as a general rule to resolve matters as provided for by laws and regulations and other important matters relating to the execution of business. During the fiscal year ended March 31, 2021, meetings of the board of directors were held 17 times, and the attendance rate of directors was 98%.

The Company's executive committee is composed of executive directors and other members as specified by the board of directors, and holds its meetings once a week as a general rule to discuss matters to be resolved at the meeting of the board of directors and other important matters essential to business. In addition, JR East Group Strategy Planning Committee, composed of 8 directors, 12 senior executive officers and 3 executive officers, has been established for the development of the Group as a whole, and holds its meetings as deemed necessary to discuss important matters for the Group such as management strategies for each business area.

As audit of the Company, audit by the corporate auditors, internal audit and accounting audit are performed.

As for the audit by the corporate auditors, in accordance with the policies established by the board of corporate auditors, the corporate auditors attend meetings of the board of directors and other important meetings, receive reports from the directors and departments handling internal audit on the performance of their duties, review documents relating to important decisions, investigate the status of business and assets, receive report from the accounting auditor on the performance on their duties, and discuss major accounting issues with the accounting auditor. The corporate auditors also communicate and exchange information with directors and corporate auditors of Group companies, and receive business report from Group companies as necessary. During the fiscal year ended March 31, 2021, due to the spread of COVID-19, some of the audit activities were performed online.

The corporate auditors hold informal meetings regularly with the Company's representative directors and outside directors.

The board of corporate auditors holds its meeting once a month as a general rule to discuss, among other things, audit policies and procedures, allocation of duties and planning, appropriateness of resolutions of the board of directors relating to the Group's internal control systems and status of operation, appropriateness of the accounting auditor's audit procedures and results. At the board of corporate auditors, each corporate auditor evaluates the audit activities so that they have a common understanding of issues. In particular, during the fiscal year ended March 31, 2021, the corporate auditors audited with an emphasis on response to the changes in management environment due to the spread of COVID-19.

As for the internal audit, approximately 100 specialized staff members in total are assigned to the Inquiry & Audit Department of the head office and the Inquiry & Audit Division of each branch office, which evaluate and make proposals on the business execution and risk control from the viewpoint of effectiveness, efficiency and legitimacy, and audit the head office, Shinkansen General

Management Department, branch offices and operational sites. When any improvement is required, they request progress reports and offer advice. In addition, they audit Group companies. The results of these audits are reported to the president and representative director approximately once a quarter, and to the board of directors and the board of corporate auditors approximately once every six months.

As for the accounting audit, KPMG AZSA LLC is engaged as the accounting auditor and performs audit during and at the end of each fiscal year (accounting services provided since 1987). Names of the certified public accountants who performed the audit during the fiscal year ended March 31, 2020 and composition of assistants for the audit are as described below.

- Names of the certified public accountants who performed the audit: Designated Limited Liability Partner and Engagement Partner: Takuji Kanai, Kazuhiko Azami, Hideki Yoshida, Naoki Saito
- Composition of assistants for the audit: 24 certified public accountants, 13 persons who passed the certified public accountants examination, 16 other persons

The Company will appoint non-outside directors among persons who are familiar with each of its business sectors and have a range of knowledge and experience such as in safety maintenance and cross-border matters, taking into account diversity in career, age, gender and other characteristics.

In addition to overseeing the business from an independent perspective, outside directors will be appointed with the goal of taking advantage of their significant knowledge and experience in the Company's business. The Company will appoint outside directors from a variety of areas in the interest of business diversity, and the number of outside directors will be in principle more than one-third of the total number of directors.

Composition of the board of directors and major skills held by each director are published on the Company's website (<https://www.jreast.co.jp/e/aboutus/officer/skillmatrix.pdf>).

In order for corporate auditors to audit the execution of duties by directors from a perspective independent from that of the board of directors, the Company will nominate one (1) or more persons who have sufficient expert knowledge in financing and accounting among persons who have significant knowledge and experience in a variety of areas such as finance, accounting and law.

With respect to a proposal for the appointment or dismissal of a director, directors will submit to the board of directors for deliberation the proposal to be submitted to the general meeting of shareholders, which will be resolved by the board of directors upon evaluating the Company's performance and other factors. With respect to a proposal for appointment of a corporate auditor, directors will, after obtaining the consent of the board of corporate auditors, submit to the board of directors for deliberation the proposal to be submitted to the general meeting of shareholders, which will be resolved by the board of directors.

(Article 17 and Article 18 of Corporate Governance Guidelines)

The Company has executed agreements with directors and corporate auditors who are not executive directors to limit their liability as provided in Article 423, Paragraph 1 of the Business Corporation Law. The liability limit under each such agreement shall be the amount stipulated by law or regulation.

3. Reasons for adoption of current corporate governance system

As a range of knowledge and experience on safety maintenance combined with decision-making from the medium- to long-term perspective is necessary for railway operations, which account for the significant majority of the Company's revenues, the Company will establish a board of directors and also a board of corporate auditors composed of corporate auditors who are independent of the board of directors.

The board of directors will oversee the execution of duties by directors in addition to making business execution decisions. Corporate auditors and the board of corporate auditors will oversee the execution of duties by directors from an independent and objective perspective.

Currently the Company appoints 3 outside directors and 4 outside corporate auditors.
(Article 16 of Corporate Governance Guidelines)

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to vitalize the general meeting of shareholders and facilitate exercise of voting rights

	Supplementary explanations
Early notice of general meeting of shareholders	Notice is made approximately three weeks before the date of the general meeting of shareholders.
Scheduling general meeting of shareholders to avoid the most popular day for shareholder meetings	The meeting is held several days before the most popular day.
Allowing electronic exercise of voting rights	Exercise of voting rights via the Internet is available.
Participation in electronic voting platform and other efforts to enhance the voting environment for institutional investors	Exercise of voting rights using a platform for electronic exercise of voting rights for institutional investors operated by ICJ Inc. is available.
Providing convocation notice in English	English translation of the convocation notice is provided on the websites of the Company and Tokyo Stock Exchange approximately four weeks before the date of the general meeting of shareholders.
Other	The contents of the convocation notice are disclosed on the websites of the Company and Tokyo Stock Exchange approximately one week before the convocation notice is sent for early disclosure to shareholders.

2. IR activities

	Supplementary explanations	Explanation by the representative

Preparation and publication of disclosure policy	Disclosure policy is published on the IR information page on the Company's website.	
Regular investor briefings for analysts and institutional investors	Regular investor briefings are held immediately after the announcement of financial results for each six-month period and each fiscal year.	Yes
Regular investor briefings for overseas investors	Regular IR briefings are held for investors in the United States and Europe, etc.	Yes
Posting of IR materials on website	The Company's website has an IR-specific page, with financial information and materials distributed at the briefings for the past few years.	
Establishment of department and/or manager in charge of IR	A section in charge of IR has been established within the Management Planning Department, Corporate Planning Headquarters.	

3. Measures to ensure due respect to stakeholders

Provisions to ensure due respect to stakeholders in internal rules, etc.	Mid-term management vision sets forth due respect to stakeholders.
Implementation of environmental activities, CSR activities, etc.	Measures for sustainability issues, including response to the TFCFD and an international framework for disclosures regarding the financial impact of climate changes, are provided on the Company's website and in "JR East Group INTEGRATED REPORT".
Other	<p>Based on the premise that the Company's strength comes from the diversity of viewpoints and values that are reflected in the characteristics (such as career, age and gender), knowledge and skills of the individuals who work for the Group, the Company will proactively undertake a variety of policies to promote diversity, through such measures as expanding fields where such individuals can flourish, with the goal of creating a corporate group in which a large variety of people can exercise their abilities to the greatest extent.</p> <p>To promote such measures, the Company will disclose a 5-year (Fiscal 2020 to Fiscal 2024) General Employers Action Plan (women's participation and support for work-life balance) as well as information, including numbers and percentages of relevant employees, on recruitment of diverse personnel, such as midcareer hires, foreign nationals and people with disabilities, promotion of such personnel to managerial positions, policies on creating an easy-to-work environment and progress made based on the plan.</p> <p>1. Female employees</p> <ul style="list-style-type: none"> • Measurable targets

	<p>Following targets have been established based on the General Employers Action Plan (Fiscal 2020 to 2024):</p> <ul style="list-style-type: none"> ○ 30% or more of new graduates joining the Company will be women ○ 10% or more of managerial positions (including in charge of operational sites) will be women ○ Improve facilities for female employees at their workplaces and create an environment where female employees can thrive at all workplaces <ul style="list-style-type: none"> ● Status of promotion to middle managerial positions <ul style="list-style-type: none"> ○ Number of women among new graduates who joined the Company in April 2021: 323 (33% of all new graduates) ○ Number of female managers: 695 (7.2% of all managers) ○ Appointed 1 executive director, 2 outside directors and 2 executive officers ○ Number of female employees as of April 2021: 8,605 (17.3% of all employees) <p>2. Midcareer hires</p> <ul style="list-style-type: none"> ● Measurable targets <p>Following targets have been established, to be met by March 31, 2024:</p> <ul style="list-style-type: none"> ○ 20% or more of managerial positions will be occupied by midcareer hires ○ Approximately 20% of all hires budgeted for each fiscal year will be midcareer hires ● Status of promotion to middle managerial positions <ul style="list-style-type: none"> ○ Number of midcareer hires who were managers as of April 2021: 1,486 (15.8% of all managers) ○ Number of midcareer hires: 8,034 (16.5% of all employees) ○ Number of new midcareer hires joining the Group in Fiscal 2022: 300 (23% of all hires) <p>3. Foreign national employees</p> <ul style="list-style-type: none"> ● Measurable targets <p>Along with the promotion of overseas railway businesses, the Company has recruited international students since the fiscal year ended March 31, 2014, and the length of service of foreign national employees has been increasing. The Company aims to strengthen measures for growing and promoting foreign national employees, while continuing to engage in recruiting and retention efforts. The following targets have been established.</p> <ul style="list-style-type: none"> ○ Promotion of foreign national employees to managerial positions ● Status of promotion to middle managerial positions <ul style="list-style-type: none"> ○ Number of foreign national managers as of April 2021: 0
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	<ul style="list-style-type: none"> ○ Number of midcareer hires: 91 from 21 countries and territories <p>4. Employees with disabilities</p> <ul style="list-style-type: none"> • Measurable targets <ul style="list-style-type: none"> ○ Continue to exceed the statutory minimum percentage of employees with disabilities of 2.3% • Progress <ul style="list-style-type: none"> ○ Percentage of employees with disabilities as of June 2021: 2.59% <p>5. Promotion of participation by diverse employees, including employees described above, in the workplace</p> <p>(i) Expansion of fields where individuals can flourish The Company is promoting a flexible workstyle in terms of time and location, including through the expansion of its flexible time system to operational sites and “workation” opportunities, and creation of diverse work experiences and opportunities to meet challenges. In particular, the Company has introduced a new job rotation system to allow employees to develop through changes in the work environment, expanded work experience opportunities at Group companies (including by permitting taking on second jobs), and open opportunities to transfer to Group companies in the life-style service business.</p> <p>(ii) Promotion of support for work-life balance including child and family care giving The Company provides various plans that are above the statutory standards, and takes measures to foster a better understanding of work-life balance.</p> <p>(iii) LGBTQ (sexual minorities) The Company promotes an easy-to-work environment for LGBTQ employees by implementing such measures as making employee benefit programs available for same-sex partners by recognizing their union, and promoting a correct understanding among employees of LGBTQ individuals through compliance education for all employees.</p> <p>(iv) Elderly employees The Company re-employs those who wish to continue employment after the mandatory retirement age as “elder employees”. As of April 2021, there were approximately 10,000 elder employees over 60 years old actively working at the Company or at another Group company or a partner company. Recognizing the intent of the Law on Stabilization of Employment of Elderly Persons amended</p>
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	in April 2021, JR East Group has commenced a service that allows Group companies to share positions available for elderly persons.
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IV. Matters Related to the Internal Control System

1. Basic views on internal control system and its status

A. The Company’s basic views on internal control system and its status are as described below.

The Company views the internal control system as various measures to appropriately and efficiently pursue the Group’s philosophy and realize the Group’s management vision. The Company will ensure compliance and safety, prevent financial losses, ensure soundness of financial conditions, and promote risk management that reflects consideration of expansion into new businesses, and thereby improve the Group’s value.

The Company undertakes a wide range of risk management efforts not merely to reduce risks^(*) of negative elements, such as avoidance of losses, but also to improve the value of the Group including through risk taking.

* Risks include not only those relating to operation such as compliance, safety and natural disasters, but also those relating to the domestic and international social and economic environment such as changes in market and trends among competitors, and those relating to management decisions on new businesses.

- (1) Systems to ensure that Directors and employees of the JR East Group perform their duties in accordance with relevant laws and regulations as well as with the Articles of Incorporation
 - To promote rigorous legal compliance and high corporate ethics standards, the Company and its consolidated subsidiaries (hereinafter Group companies) have drafted “Policy on Legal and Regulatory Compliance and Corporate Ethics”, which serve as corporate action guidelines for the JR East Group, and implement corporate actions in line with such guidelines such as distributing handbooks that explain conduct standards in concrete terms to each corporate officer and employee of the Company and Group companies.
 - The Company’s Corporate & Legal Strategies Department handle overall control over horizontally integrated compliance matters throughout the Company, and liaise with legal and administration departments of the Group companies to ensure compliance in the JR East Group.
 - Units to provide compliance-related advice and receive whistle-blower reports and other reports related to compliance issues as affecting the JR East Group have been established inside and outside the Company. The Company and Group companies maintain the confidentiality of whistle-blowers and matters reported, and prohibit unfavorable treatment on the basis of any such report.
 - The Company has established an internal audit system to ensure the appropriateness and efficiency of operational execution. In addition, to ensure that all operations throughout the JR East Group are appropriate, the Company participates in the management of Group companies by seconding directors to those companies and by other means. In addition, the Company’s Inquiry & Audit Department performs audits of Group companies at regular intervals.

- (2) Preservation and administration systems for information related to Directors' performance of their duties
- The Company appropriately preserves and administers documents related to Directors' performance of their duties in accordance with relevant laws and internal regulations. Directors can view these documents whenever necessary.
- (3) Risk management rules and systems of the JR East Group
- With regard to the risk of a significant adverse influence on corporate operations due to changes in the internal and external management environment, such incidents as external offenses or internal scandals and legal violations in the Company and the Group companies, each unit of the Company manages its own risk and the risk of the Group companies which it supervises. In addition, the Company has established a Crisis Management Headquarters as well as crisis management-related internal regulations, so that in the event of a problem, a preliminary task force may be immediately established with the participation of top management and may gather relevant information and rapidly implement countermeasures. In addition, the Company instructs Group companies to establish similar risk management systems and report incidents as necessary to the Company.
 - The Company has established systems to ensure rapid and appropriate responses in the event of an accident or disaster in railway operations and to improve safety and reliability of transportation.
 - To ensure effectiveness of risk management, the Board of Directors of the Company monitors its status and policies periodically.
- (4) Systems for promoting efficient performance of duties by directors and other employees in the JR East Group and systems for reporting performance of duties from Group companies to the Company
- To promote efficiency in the Company's operations, internal regulations have been established that allocate authority by clearly defining the authority and roles of each unit.
 - To promote the Group management vision, and to attain the vision's objectives, the Company and Group companies have established action programs for each organizational unit and project. Progress in action program implementation is periodically evaluated as a means of promoting the efficient implementation of strategic measures. In addition, Group companies regularly report to the Company material information, including business results and financial conditions.
- (5) 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. This is a system designed to increase the efficiency of audits and enable audits to be performed smoothly.
- (6) Independence from Directors of employees who assist Corporate Auditors in the performance of their duties and effectiveness of instructions to such employees
- The staff of the Corporate Auditors Office, with regard to instructions from the Corporate Auditors, are not subject to orders from Directors or other employees.
- (7) Systems in the JR East Group for reports to Corporate Auditors of the Company
- The Company has established standards for matters to be resolved at the Board of Directors meeting based on the Regulations of the Board of Directors and appropriately submits such matters for resolution. The contents of important items other than those to be resolved by the

Board of Directors may also be confirmed by Corporate Auditors at meetings of the Board of Directors, and meetings of the Executive Committee, by hearing from Directors and employees and by reviewing documents concerning performance of duties by Directors.

- The Company's Corporate Auditors hold informational meetings regularly with corporate auditors of Group companies to share information concerning audit.

- The Company reports regularly to the Company's Corporate Auditors on whistle-blower reports and other matters related to compliance issues of the JR East Group, as well as results of Group company audits conducted by the Company's Inquiry & Audit Department.

- The Company prohibits unfavorable treatment of any person who reports to Corporate Auditors based on any such report.

- (8) Policies on payment of expenses arising from performance of duties of Corporate Auditors
 - When the Company's Corporate Auditor requests advanced payment of expenses arising from performance of their duties, the Company shall pay such expense unless the Company establishes that such expense or liability is unnecessary for such performance of duties by such Corporate Auditor.
- (9) Other systems for promoting the effective performance of Corporate Auditors' audit
 - The Corporate Auditors hold meetings regularly with the President and CEO and the accounting auditor to exchange information and opinions.

B. The Company's basic views on internal control system over financial reporting are as described below.

- (1) The Company organizes and operates the system necessary to ensure the adequacy of documents on financial calculation and other information
- (2) The Company evaluates every fiscal year the status of the organization and operation of the above system using criteria concerning internal controls over financial reporting that are generally accepted as fair and appropriate.

2. Basic views on eliminating anti-social forces and its status

The Company's basic views on eliminating anti-social forces and its status are as described below.

- (1) Paragraph 7 of "Policy on Legal and Regulatory Compliance and Corporate Ethics" (established in June 2005, amended in April 2013), which serve as corporate action guidelines for the JR East Group, provides that "Isolation from anti-social forces: officers and employees will decisively confront with anti-social forces and organizations that threat the order and safety of civil society".
- (2) "Compliance Action Plan Handbook" (published in June 2005, revised in April 2009, April 2013 and July 2017) distributed to officers and employees of the JR East Group provides for specific actions against anti-social forces and organizations.
- (3) Agreements entered into with third parties include a provision for eliminating anti-social forces, and the Company has established a system to enable prompt action such as immediate cancellation of the agreement when the counterparty is identified as an anti-social force.

- (4) The Company has designated a person in the Corporate & Legal Strategies Department to be in charge of handling unwarranted demands.
- (5) The Company briefs employees on desirable actions against anti-social forces and organizations through its educational programs.

V. Other

1. Adoption of anti-takeover measures

Adoption of anti-takeover measures	Not adopted
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Supplementary explanation

N/A

2. Other matters concerning corporate governance system

From the viewpoint of insider trading prevention, the Company has established “Rules for Insider Trading (Administrative Regulations)” providing for information control and timely and appropriate disclosure of material facts under the Financial Instruments and Exchange Act (“material facts”), which have a significant influence on investors’ investment decisions, as described below.

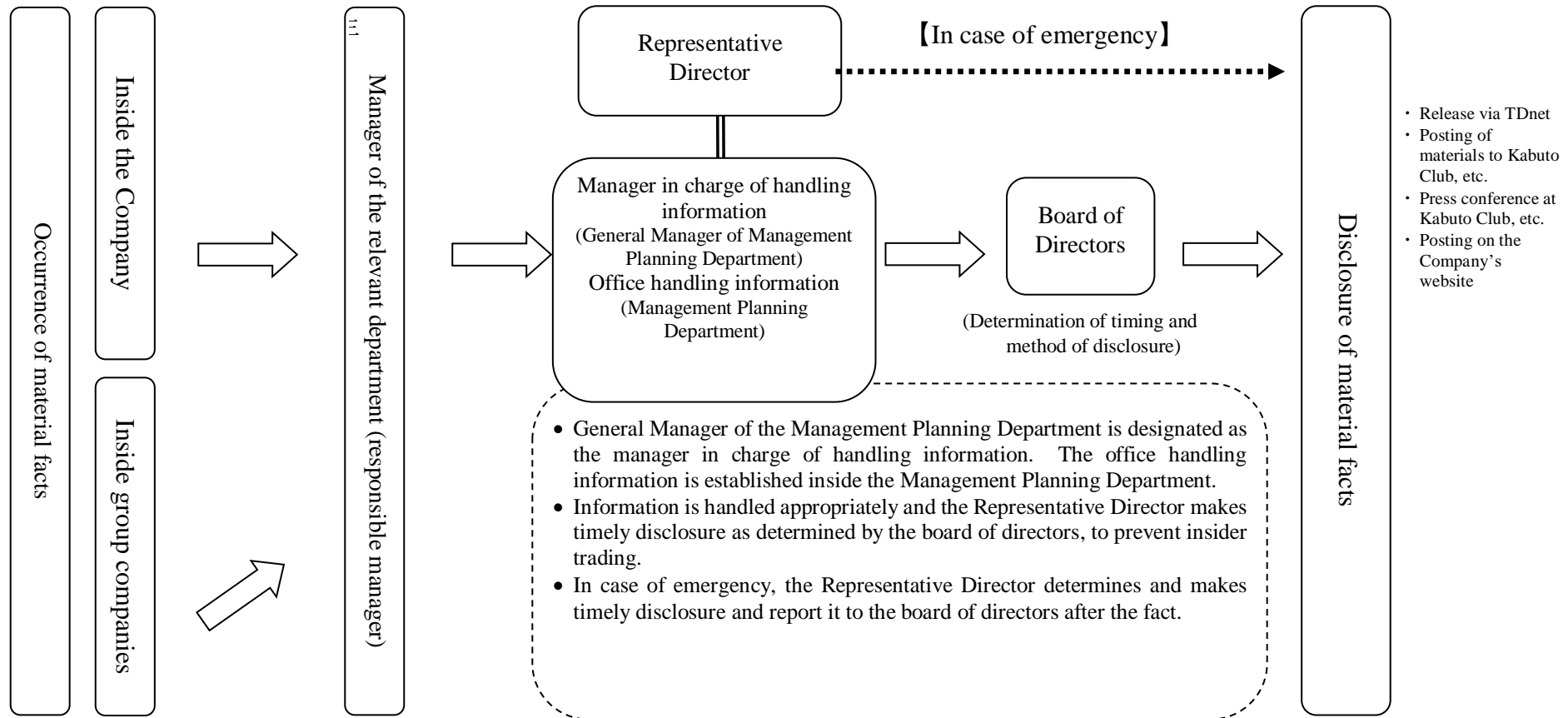
- Employees, etc. who have come to know material facts shall immediately inform, through the manager of the relevant department (hereinafter the “responsible manager”), the manager in charge of handling information (General Manager of the Management Planning Department). Material facts concerning subsidiaries shall also be informed, through the manager of relevant department, to the manager in charge of handling information. When there is a question as to whether a fact may be a material fact, the manager in charge of handling information shall be consulted.
- The manager in charge of handling information shall control information on material facts as necessary. Purchase, sale and other trading of stocks and other securities by officers and employees who have come to know any material fact are restricted.
- Material facts shall be disclosed in a timely manner, and the timing and method of such disclosure shall be determined by the board of directors. However, in case of emergency, the representative director may make the decision and report such decision to the board of directors promptly thereafter.
- Additionally, matters subject to timely disclosure (excluding material facts) stipulated in the securities listing regulations of stock exchanges shall be handled in the same manner as material facts. In that case, the manager in charge of handling information shall determine the timing and method of such disclosure and report such decision to the board of directors promptly.

【Reference 1】 Summary of Corporate Governance System

[To add a separate chart in Excel]

【Reference 2】 System for disclosure of matters which has a significant influence on investors' investment decisions

- Procedure of disclosure of material facts in accordance with the “Rules for Insider Trading (Administrative Regulations)”



* Additionally, timely disclosure items stipulated in the securities listing regulations of stock exchanges (which may not initially be deemed to be material facts) are handled in the same manner as material facts.

【Reference 1】 Summary of Corporate Governance System

