

# What is JR East Group's CSR management structure?

In order to meet our corporate social responsibility (CSR<sup>1</sup>) and earn continued public trust, JR East Group strives to strengthen the company structure regarding Corporate Governance, Compliance, Accountability, and Risk Management.

## Basic concept

The basic function of a corporation is to provide new products and added value through daily business activities, and thereby contribute to the overall prosperity of society.

In recent years, however, corporations are also being called upon to maintain high ethical standards and conduct management activities in a transparent manner. Furthermore, companies must proactively address environmental problems and other serious issues faced by society as a whole.

JR East Group believes that implementing CSR from the management level down is fundamental to maintaining the confidence of our stakeholders<sup>2</sup>. Therefore, we adhere to the following management structure policies.

## Management Structure Implementing CSR

### Corporate governance

The East Japan Railway Company Board of Directors consists of 27 members (including 2 outside corporate directors). Since the company was founded we have always appointed some independent directors with abundant experience and expertise.

All representative directors also serve on the Managing Directors' Committee for considering matters of particular importance. In addition, our Strategic Group Committee consists of representative directors who discuss matters of particular importance pertaining to the group. In June 2003, we reduced the number of directors in order to more actively discuss issues at board meetings and speed up the decision-making process.

The Board of Corporate Auditors consists of two full-time and three part-time auditors; four of these five are outside corporate auditors. Individual auditors carry out job performance audits in compliance with policy set by the Board of Corporate Auditors.

Regular liaison meetings are held among group company auditors in order to exchange audit-related information.

We maintain Internal Corporate Audit Departments at the head office as well as at our branches. Since July 2000, we have been conducting group company audits through our Corporate Audit Department.

### Compliance

Our Legal Department was separated from the Department of General Affairs in July 2002. This department is responsible for early detection of any company-related legal issues that may arise and for ensuring the legitimacy of all business operations. The department consults with outside specialists as needed. Periodic training is provided for representatives and persons in charge of the legal affairs of group companies.

### Accountability

We proactively conduct PR and IR activities (see page 49) regarding information disclosure, by regularly updating the contents of our websites and publicizing important corporate data in a timely manner. Beginning with the first quarter of 2003, we started disclosing quarterly income/expenditure and other managerial indexes on a consolidated basis.

### Risk management structure

The Risk Management Headquarters was established as a control center for collecting and managing information, and immediately facilitating structural change should any part of JR East Group face a critical situation regarding business operations. By involving top management from the early stages, disclosing information appropriately and requiring compliance, we minimize the impact of any existing risk.

In order to maintain a corporate culture that readily communicates risk information, we reinforce our risk and information management structure by offering training seminars and other activities to group companies.



<sup>1</sup> CSR  
=Corporate Social Responsibility

<sup>2</sup> Stakeholders  
Includes all customers, shareholders/investors, business partners, employees and their families, non-profit organizations, local communities, and others who are involved with JR East Group or its activities.