

# Fulfilling our social responsibilities and connecting with our stakeholders with trust

The JR East Group aims to fulfill its social responsibilities while generating profit and to push forward responsive and transparent CSR management, in accordance with its Group Philosophy of providing high quality and advanced services, with railway businesses at the core.

## CSR Basic Concept

Because the railway businesses at the heart of the JR East Group are intimately related with society, local communities and people's lives, we foster an awareness of the importance of contributing to society and fulfilling our social responsibilities through engaging in our business activities of ensuring railway safety and providing stable transport services.

Regarding its social mission, our Group Philosophy states, "As a 'trusted Life-style Service Creating Group', JR East aims to sustain the development of its business operations while emphasizing its responsibilities to stakeholders and society at large along with its responsibility to generate profits for shareholders."

By pursuing our business activities in accordance with our Group Philosophy and Action Policies, we are determined to remain a corporate group capable of meeting social expectations and maintaining stakeholders' trust.

## Corporate governance

### Securing transparency and objectivity of management

JR East views "corporate governance from a long-term perspective" as one of its most critical management tasks because of the characteristics of the railway business, its core activity, and its goal of continuing to be a trusted corporate group.

## Corporate governance system

Our Board of Directors, meeting every month in principle, decides on key operational issues relating to statutory requirements and other matters and supervises overall operations. Under the Board of Directors is the Executive Committee, which includes all directors with executive functions. Meeting every week in principle, the committee deliberates matters to be decided by the Board of Directors and other important management issues.

## Supervision and auditing systems

We have two outside directors and four of our five corporate auditors are selected from outside the Group in order to guarantee the enhancement of our supervision of auditing functions. For internal audits, JR East has established an internal auditing system involving approximately 100 full-time employees in the Inquiry & Audit Department at its Head Office and Inquiry & Audit divisions at branch offices, and these units work to ensure that corporate operations are executed appropriately and efficiently. The audits of corporate auditors are supported by approximately 10 specialized staff. The system for the oversight of directors' implementation of operations, carried out in accordance with rules established by the Board of Corporate Auditors, centers on full-time corporate auditors who attend meetings of the Board of Directors, the Executive Committee, and other important in-house meetings and also investigate financial situations and other items. The corporate auditors also exchange auditing information with corporate auditors of Group companies at liaison meetings held at regular intervals.

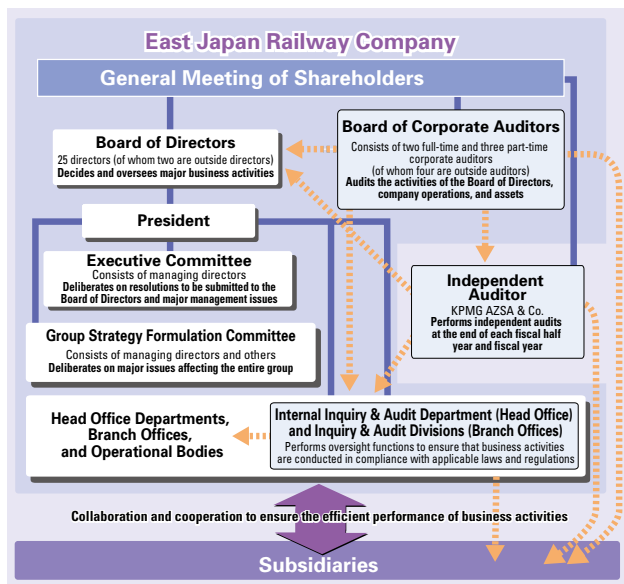
Regarding financial audits, the financial statements of JR East are audited under contract by an independent auditor (accounting auditor), KPMG AZSA & Co., at the end of each fiscal half year and fiscal year. Note that in May 2006, we established a "regime for ensuring administrative appropriateness" in accordance with the Company Law.

## Compliance

### Raising every employee's awareness

Recognizing that corporate activities based on strict compliance and high ethical standards are prerequisites for a company to survive and prosper, we have built a structure that ensures rapid response to legal risks and internal legal issues under the auspices of our Legal Department and the Crisis Management Office of the Administration Department. We strive to ensure total compliance with applicable laws and regulations in all our business activities with the assistance of advice from legal counsel and other professionals.

■ Corporate governance system (as of March 31, 2008)



Safety

Environment

Society

### Internal compliance awareness

We adopted a Policy on Legal and Regulatory Compliance and Corporate Ethics in 2005, and distributed a booklet titled "Compliance Action Plan" to all employees of Group companies in order to raise their awareness of the necessity for compliance. At the same time, we established a "Compliance Hotline" to receive both internal and external information. In addition, in March 2006, prior to the promulgation of the Whistleblower Protection Act in April of the same year, we established rules to handle information that is in the public interest with the objective of protecting whistleblowers. Furthermore, with the dual objectives of increasing employee compliance awareness and penetrating ways to seek advice from the Compliance Hotline, in March 2008, we distributed a Compliance Card.

### Protection of personal information

We established Regulations for the Management of Personal Information in 2005, and appointed Chief Privacy Officers who have the task of strictly protecting personal information. We are also working to enhance the information security levels of all our Group companies by ascertaining the holding status of personal information.

### Raising employee awareness

We regularly provide training sessions for employees of our branch offices and Group companies, in order to enhance levels of compliance and ensure the highest levels of ethical standards. In fiscal ended March 2008, we continued to offer a variety of training, including Legal Skills Training, a Management School compliance course, Basic Legal Training, and Regular Legal Seminars for employees of JR East and our Group companies. Additionally, we actively promote activities that are designed to raise awareness of compliance-related issues by holding compliance seminars and workshops, and include compliance-related articles in our internal newsletter.

#### ■ Compliance training

Title	Number of sessions	Participants	Contents and objectives	Number of participants
Management School (Compliance Course)	1	Administrative managers of Group companies	Compliance	71
Legal Skills Training	1	Legal affairs managers of branch offices	Enhancement of practical legal knowledge, legal reasoning, and decision-making/problem-solving skills	14
Basic Legal Training	2	Legal affairs personnel of Group companies	Acquisition of basic legal knowledge	62
Regular Legal Seminar	4	Employees of JR East and Group companies	Explanation of new and revised laws, and awareness-raising about compliance	About 150 for each seminar

### Risk management

The Crisis Management Headquarters was established in 2001 to centrally collect and manage information, and to make prompt initial responses in the event of major crises affecting the business operations of Group companies. We further established the full-time Crisis Management Office in 2004, with the aim of controlling risks before crises occur, and to identify potential risks at the earliest possible stage.

JR East constantly strives to minimize losses and damage from crises through various measures such as accelerating the speed of top management decision making through facilitating its early involvement, disclosing information in an appropriate manner, and conducting compliance based management.

#### Stakeholder relations

### A more open corporate entity

#### Promoting dialogs with stakeholders

JR East has a wide range of relationships with many stakeholders, including the approximately 17 million customers using our railway services each day, as well as our shareholders and investors, business partners, employees and their families, and local communities.

We actively disseminate information about Group initiatives through public and investor relations activities to these stakeholders. We also strive to disclose key corporate information on our website in a swift and appropriate manner.

Furthermore, JR East is working to create wide-ranging opportunities to listen to and learn from the views and requests of our stakeholders.

### Risk management

Transportation, including railway operations, accounts for 70% of JR East Group's business revenue, with the remaining 30% of revenue being earned from our lifestyle businesses such as the operation of shopping centers, hotels, retail outlets, and other activities. These functions, of course, create economic relationships with a large variety of stakeholders.