

Meeting the Challenge of Sustainable Growth

The JR East Group intends to steadily implement its plans as laid out in JR East 2020 Vision—*i do mu* and in line with its major management priority— safety—enhance customer satisfaction with the aim of becoming a corporate group in which customers can feel ease and peace of mind through a sense of assured safety. Concomitantly, we intend to continue to manage the business operations of all Group companies in such a way as to satisfy the expectations of all our stakeholders.

Toward sustainable growth

During the fiscal year beginning April 2010, the third year since we published JR East 2020 Vision—*i do mu* (*I do mu is Japanese for Challenge*), the business environment has remained uncertain due to the impact of the deep global recession that struck the year before last. Other factors, including the reduction of expressway charges and the opening of a new access route between Ueno, Nippori, and Narita Airport, have brought increased levels of competition among transport providers, and the severe market conditions are expected to continue for the foreseeable future.

Despite these factors, however, we actually regard the adverse conditions as opportunities, and through our policy of ensuring safety and enhancing customer satisfaction, fully intend to meet the challenges of increasing revenues while fundamentally reviewing our cost structure. We also intend to introduce certain measures that will bear fruit in the long term in order to enable us to realize our ideal form enable us to be where want to be in 10 years.



Extreme Safety Levels

Since its establishment, JR East has constantly regarded safety as its top management priority, and under the terms we published in 2020 Vision, we are continuing to work with an unwavering commitment to achieve what we regard as extreme safety levels. As a part of our fifth five-year Safety Plan, 2013 Safety Vision, we will invest approximately 750 billion yen on safety during the five years that start in fiscal year 2010. Through increased construction and enhancement of safety facilities we intend to become a Group which our customers regard with a feeling of ease and peace of mind based on assured safety.

If we are to successfully enhance safety levels, I strongly believe that we need to instill in each and every employee the ability to identify problems and work toward their solution on an individual basis; in other words, our employees must think and act for themselves. Furthermore, the *sangen* principle (three actualities—actual locations, actual objects, and actual people) will remain critically important. This means that in order to fully understand the reality of our operating situation all our employees must be prepared to experience front line conditions which will allow them to meet the people and understand the objects involved. As a truly professional organization, the JR East Group holds the *sangen* principle as our standard of action, which, through a policy of individual thought and action, will allow us to reach extreme safety levels, thereby guaranteeing our customers peace of mind.

Railway Technology: From Japan to the World

With the increase in the speed of global warming, railways are attracting worldwide recognition as a form of transport capable of delivering very low levels of CO₂ emissions per unit of transport.

During our more than a century-long history of railway operations (including the Japanese National Railways [JNR] period), we have nurtured and benefited from many top-notch engineers and accumulated a vast hoard of railway construction and operational capabilities as well as a superlative level of railway business management know-how. Our ability to comprehensively coordinate all of these assets in a manner capable of providing safe and stable transport is the most powerful weapon in our corporate arsenal.

In the past, admittedly, JR East has concentrated mainly on its transport, life-style, and Suica businesses in Japan, but I strongly believe that today our technologies and know-how can be utilized globally and contribute significantly to the solving of environmental problems.

There can be little doubt that for JR East, a group that has little experience of doing business overseas, the future will hold many challenges. We realize that we must overcome various hurdles, but, nevertheless, we are committed to the task of globally propagating the use of our Japan-generated railway technology and know-how and thereby contributing to the development of railways throughout the world.

Missions and Challenges of Global Environmental Issues

In its 2020 Vision, the JR East Group committed itself to a positive and continuing approach to global environmental problems by setting a unilateral target of reducing, by fiscal 2031, its total CO₂ emissions from railway operations by 50%, compared with fiscal 1991. We strongly believe that as a Group whose main business is railways, a form of transport that is highly public but which has a relatively low environmental impact, it is a natural part of our mission to work for the abatement of global environmental problems. As such, and as a truly international corporate citizen, we feel beholden to set such a high standard.

Although, as I have mentioned before, railways are a form of transportation with a relatively low level of environmental impact in terms of CO₂ emissions, our actual emissions are still significant. After all, we run an approximately 7,500 km rail network throughout eastern Japan, which actually makes us the world's largest railway company in terms of the number of passengers, so we need to remain constantly aware that we are still emitting considerable amounts of CO₂.

Since the promulgation of JR East 2020 Vision, despite the fact that we have worked continuously toward the solving of environmental issues, it is now even more important to make progress in many areas, including the domestic countermeasures to global warming and the solving of biodiversity problems. With these hurdles in mind, in July this year we established the Environmental Management Office within the Management Planning Department, with the aim of further promoting the enhancement of our environmental management. In other words, we are not merely resting on our laurels as a relatively low CO₂-emitting form of transportation, but are setting our own high environmental targets and taking a positive and long term approach to global problems.

Tohoku Shinkansen Completion and Regional Revitalization

This year on December 4, the Tohoku Shinkansen line will be completed with the start of operations on the Hachinohe-Shin-Aomori segment. This event will mark a milestone, not only for Aomori Prefecture but also for the entire Tohoku region. The Tohoku Shinkansen has been developed in stages, starting with the section between Omiya and Morioka in 1982, followed by the Ueno-Omiya and Tokyo-Ueno segments, and was further extended to Hachinohe in 2002. With the completion of the final section to Shin-Aomori, travel times between Tokyo and Aomori will be significantly reduced and convenience greatly enhanced. We believe that the completed line will not only make Aomori much more easily accessible from the Tokyo metropolitan area, but also will lead to a significant increase in inter-regional exchanges. Through its Rediscover Local Areas Project, the JR East Group is committing considerable resources to the unearthing and publicizing of previously ignored or little known tourist resources and local products, with the aim of promoting a significant increase in tourist activities in the newly-connected areas, thereby supporting a regional revitalization.

In conclusion, as I said before, railways are public transportation that support the movement and lives of many people. It is JR East's mission to strive for further improvements in safety and convenience and to continue to serve its passengers carefully in the future.

Satoshi Seino

President and CEO
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