

CSR Management

■ Basic concept of CSR

The JR East Group is based on railway businesses that are involved in a broad range of our customers' lives and that are vital to society and local communities. With such a public responsibility, we are committed to meeting our social responsibilities by carrying out our business activities in such a manner as to ensure railway safety and reliable transportation services.

In terms of our social mission, our Group Philosophy states: "We will grow continuously and advance in harmony with our customers by generating earnings while meeting our social responsibilities as a Trusted Life-style Service Creating Group." We are determined to remain a corporate group capable of meeting social expectations and maintaining stakeholders' trust by pursuing our business activities in line with that philosophy.

■ JR East's Basic Corporate Governance Philosophy

To continue to be a company trusted by its shareholders and all other groups of stakeholders, JR East has made the strengthening of its corporate governance a top-priority management task. Specifically, with a view to augmenting the soundness and transparency of management, JR East is creating appropriate systems for management decision making, operational execution and overseeing, Group management, information disclosure, and other important matters while also implementing the various measures.

■ Execution of duties, Supervision and Audit System

Our 26-member Board of Directors, including two external directors, normally meets monthly to decide key operational matters relating to statutory requirements and other matters, and supervise overall operations. Under the Board of Directors is the Executive Committee, which includes all directors with executive functions. Usually meeting every week, this committee deliberates on matters to be decided by the Board of Directors and other important management issues. In addition, meetings of the Group Strategy Formulation Committee, which consists of managing directors and others, are held as and when required to deliberate on major issues affecting the Group as a whole, including management strategy for each business field.

JR East has established an internal auditing system involving approximately 100 full-time employees in the Inquiry & Audit Department at the Head Office and inquiry & audit divisions in branch offices, and these units work to ensure that corporate operations are executed appropriately and efficiently. The Inquiry & Audit Department also undertakes the auditing of Group companies. Our Board of Corporate Auditors usually meets every month and the audit of corporate auditors is supported by approximately 10 specialized staff. They oversee executive actions carried out by directors, with a focus on full-time directors, in accordance with the rules established by the Board of Corporate Auditors by investigating their attendance at the Board of Directors, the Executive Committee and other important in-house meetings and their financial situations and other items.

Regarding financial audits, the financial statements of JR East are audited under contract by an independent auditor (accounting auditor), KPMG AZSA LLC., in and at the end of each fiscal year.

■ Corporate Governance system (as of August 1, 2011)

