

## Compliance

### Basic Concept of Compliance

In 2005, JR East adopted our Policy on Legal and Regulatory Compliance and Corporate Ethics as the Group's corporate activity guidelines. Concomitantly, we established Compliance Hotlines, both inside and outside the Company, for internal reporting, and have promoted efforts on compliance.

Since 2009, all employees of JR East Group companies have been given education to increase their awareness of compliance.

JR East Group has been making concerted efforts to further promote compliance. In 2009 we started reviewing legal aspects throughout our business activities, and in 2011 we established a "Basic Matter Confirmation Support Sheet," designed for the regular checking of important matters by individual departments to ensure proper business conduct.

### Formulation and Revision of the Compliance Action Plan

In order to enhance the effectiveness of the 2005 policy, we developed and distributed the first version of our Compliance Action Plan document that summarized what we consider to be desirable levels of conduct for all Group employees.

After the Shinanogawa Power Station incidents, we revised the plan based on full awareness of laws and regulations, reports on the incidents and other factors, and distributed the revised plan to all employees. As society and the environment change, we will continue to review it and make sure all employees remain aware and observe the plan.

### Strengthening mechanism for proper business conduct

We conducted full inspections of our compliance for all our operations, including group companies. Starting with the inspections, JR East Group is promoting continuous reviews of all its operations based on laws and regulations, internal rules, and social norms.

In 2011, JR East created the "Basic Matter Confirmation Support Sheet" listing matters subject to regular checking and requiring heads of departments to personally ensure that business is carried out properly. We endeavor to achieve thorough implementation at each workplace.

### Education of all employees

We have been carrying out compliance education for all employees since 2009 in order to further increase awareness, focusing on cases and topics matching the realities of each workplace. In fiscal 2013, JR East is implementing a new educational program focused on social media and information security, where a number of issues have been surfacing lately. We will endeavor to improve educational content that will be based on societal and environmental changes.

JR East has also carried out surveys of all employees using "compliance questionnaires" since 2010. Results show knowledge and awareness among employees to be steadily increasing.

## Compliance Training

### ■ Compliance Training

| Title                                 | Number of sessions | Participants  | Contents and objectives  | Number of participants |
|---------------------------------------|--------------------|---|--|------------------------|
| Management School (Compliance Course) | 1                  | Administrative managers of Group companies  | Compliance   | 74                     |
| Legal Skills Training                 | 1                  | Legal affairs managers of branch offices  | Enhancement of practical legal knowledge, legal reasoning, and decision-making/ problem-solving skills | 16                     |
| Basic Legal Training                  | 1                  | Legal affairs personnel of Group companies  | Acquisition of basic legal knowledge   | 34                     |
| Regular Legal Seminar                 | 4                  | Employees of JR East and Group companies  | Explanation of new and revised laws, and awareness-raising about compliance                            | 650                    |
| Lecture on Social Media               | 4                  | <ul style="list-style-type: none"> <li>•Executives, general managers, etc., of the head office</li> <li>•Staff Member of Branch Office</li> <li>•Executives of Group companies</li> </ul> | Explanations and exercises on problems, corporate risks, etc., involving use of social media           | 330                    |

### Shinanogawa Power Station Incident

In March 2009 JR East received an administrative sanction because the company's water intake had exceeded the maximum allowed quantity at our hydroelectric plant, Shinanogawa Power Station (the collective name for the Senju, Ojiya and Ojiya Daini power plants in Ojiya and Tokamachi cities, Niigata prefecture). The sanction was issued in accordance with the River Act and included the revocation of a permit to draw water from the Shinano River. Subsequent to receipt of this sanction, we have taken corrective actions in accordance with the directions in the sanction and have endeavored to implement measures to prevent recurrence and to cultivate close cooperation with the local communities.

In June 2010, having obtained a permit from the Director of the Hokuriku Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism to again take water from the Shinano River, we resumed operation of the Shinanogawa Power Station.

We are redoubling our efforts at compliance management to prevent occurrence of similar incidents and we are sincerely committed to fostering harmony with the river environment and enhancing co-prosperity with communities.

### Personal Data Protection

In 2005, we published our Regulations for the Management of Personal Information, and appointed Chief Privacy Officers who bear the responsibility of strictly protecting personal data. We are also working to ensure that every employee is aware of the necessity of the strict handling and management of personal data through pamphlets covering the subject exclusively and articles in our internal magazines. In order to even further enhance our levels of information security we regularly conduct internal workplace audits.

### Risk Management

The Crisis Management Headquarters was established in 2002 to centrally collect and manage information, and to make prompt initial responses in the event of major crises affecting the business operations of JR East Group. In 2004, we added the Crisis Management Office, a full-time section that has taken responsibility for Headquarters' secretarial work. We are striving to be prepared for any potential risks JR East Group may face. We have recently established a system enabling us to respond to various emergencies – terrorist threats, pandemics such as influenza, and other possibilities.

### Information Disclosure

JR East has a wide range of relationships with many stakeholders, including the 16.5 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.