

## Compliance

### Basic Concept of Compliance

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 are promoting efforts on compliance. In addition, we continue to implement a program of education for all Group employees every year and strive to foster their awareness of the need for compliance.

### Policy on Legal and Regulatory Compliance and Corporate Ethics and the Compliance Action Plan

In June 2005, in order to publicly announce our Policy on Legal and Regulatory Compliance and Corporate Ethics (the "Policy") as the Group's corporate activity guidelines and to heighten the efficacy of these guidelines, we prepared the Compliance Action Plan (the "Action Plan"), which sets forth advisable modes of conduct for all employees of the Group. We have been encouraging understanding of thorough implementation of compliance management throughout the entire Group by distributing handbooks and such.

The Policy and the Action Plan were revised in April 2013 following the formulation of JR East Group Management Vision V — Ever Onward— in October 2012. Revisions included addition of responses to globalization, information management and such. Furthermore, a basic policy for prevention of bribery relating to foreign public officials was formulated and announced in June 2014 in line with the development of overseas businesses.

### Initiatives for Proper Business Conduct

JR East Group is promoting continuous reviews of all its operations based on laws and regulations, internal rules, and social norms.

In FY2012, JR East created the "Basic Matter Confirmation Support Sheet" which lists basic matters for a head of departments at each field to confirm periodically him/herself. Business conduct with constant awareness for compliance is pursued through continuous inspection and confirmation on a regular basis using the sheet, etc.

### Ensuring Information Security

With the advancement of the information society, ensuring the security of our information systems has become an important issue.

JR East has designed and introduced an information security management system based on JR East's basic policy for information security, and carries out necessary measures to ensure safe and secure information system operations. We have also established a contact system in the event a problem should occur and we conduct problem response drills.

All employees are kept aware of the importance of information security and the strict handling of information through our Group rule book and internal magazine. All employees also receive information security education with the aim of raising awareness about how they should guarantee workplace information security.

## Education of all employees

In order to deepen understanding of the importance of compliance and the intent of the Policy and the Action Plan by each employee, we have been providing compliance education for all employees every year since FY2010 targeting all employees in the Group. Although the education started out with mostly the lecture style format using DVDs, it has recently shifted to study group style held at each department under the head of the department using materials prepared by the head office. Focusing on a case study using familiar examples, this style of education leads each employee to think and to participate in discussions.

We are committed to fostering compliance awareness by continuing education with consideration for the social responsibility expected of our Group and the changes in the mindset of our employees.

### ■ Major seminars, etc. on compliance (FY2015)

Title	Number of sessions	Participants	Contents and objectives	Number of participants
All Employee Training on Compliance	1	JR East and Group company employees	Compliance awareness	All Employees
New Recruit Training	1	JR East new recruits	Compliance awareness	All new recruits
Basic Legal Training	1	Group company legal affairs personnel	Acquisition of basic legal knowledge	31
Legal Skills Training	1	Head Office and Branch office legal affairs Personnel	Enhancement of practical legal knowledge, legal reasoning, and decision-making/problem-solving skills	14
Regular Legal Seminar	3	JR East and Group company Executives, employees	Explanation of new and revised laws, and awareness-raising about compliance	600
Compliance Meetings	2	Head Office executives, general managers, etc.	Ensuring awareness of a compliance management system	190
Compliance Seminar for Group Companies	1	JR East and Group company Executives, employees	Ensuring awareness of a compliance management system	80

## 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 through to June 2015, we resumed operation of the Shinanogawa Power Station.

Following the resumption, we conducted a trial sluice for coordinating river environment and water use. With the results of the investigation and opinions collected from local residents, we filed a renewal application in May 2015 and received approval in June 2015.

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

Pursuant to applicable laws and regulations including Act on the Protection of Personal Information, the JR East Group published Private Policy, formulated the Regulations for the Management of Personal Information and appointed Chief Privacy Officers who have the responsibility of strictly protecting personal data. Through leaflets for raising employees' awareness, articles in our internal magazines and compliance education, we are also working to ensure that all employees remain fully aware of the necessity of the strict handling and management of personal data. Furthermore, in order to ensure proper control of personal data, the Group conducts periodical internal workplace audits.

## Risk Management

JR East established the Crisis Management Headquarters to centrally collect and manage information, and to make prompt initial responses in the event of major crises affecting the business operations of the JR East Group, etc. On top of this, we established the Crisis Management Office, a full-time section that takes responsibility for Headquarters' secretarial work, in Administration Department at the Head Office. We are striving to be prepared for any potential risks JR East Group may face. We have 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 around 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.