

IV-2 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, in various business fields such as the railway business, lifestyle service business and Suica business, we comply with all related laws and conduct business in accordance with corporate ethics.

In addition, we conduct education for our group companies' employees and also established Compliance Hotlines, both inside and outside the company, and are promoting efforts on compliance.

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

The Policy on Legal and Regulatory Compliance and Corporate Ethics stipulates our approach to regulatory compliance and corporate ethics based on the Group's philosophy and principles. In order to heighten the efficacy of these guidelines, we have notified the entire Group about them by distributing a Compliance Action Plan Handbook that indicates the nature of the actions that we expect everyone employed by the Group to take.

Furthermore, in conjunction with the development of overseas business, a basic policy for prevention of bribery relating to foreign public officials was formulated and announced in June 2014.

▶ Promotion of Compliance

In order to deepen understanding of the importance of compliance and the intent of "compliance and corporate ethics" by each employee, we have been providing compliance education for all employees every year 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.

Furthermore, we formulated the basic issues which should be periodically confirmed by each applicable chief of business management into the "Confirmation support sheet of basic issues", and have fully conducted business activities so as to comply with laws and regulations by implementing continuous inspection and confirmation utilizing this sheet.

■ Major seminars, etc. on compliance (FY2016)

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 and compliance personnel	Acquisition of basic knowledge relating to legal affairs and compliance	30
New Legal Affairs Personnel Training	1	New Head Office and Branch office legal affairs personnel	Acquisition of basic knowledge relating to legal affairs and compliance	16
Legal Skills Training	1	Head Office and Branch office legal affairs Personnel	Acquisition of basic knowledge relating to legal affairs and compliance, enhancement of legal reasoning and problem-solving skills	20
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

▶ Compliance Hotline

"When an employee wonders how to conduct themselves regarding compliance and corporate ethics" and "when an employee recognizes activity which is against compliance or corporate ethics or which may be against compliance or corporate ethics", in order for the employee to report and consult, we established the "Compliance Hotlines", both inside and outside the company. We accept consults and reports from business partners and publish how to accept them on our website.

In FY 2016, we received 200 consultations and messages on a wide range of issues such as the handling of laws and regulation, troubles of human relations and harassment, and responded to them properly and respectfully.

▶ Shinanogawa Power Station Incident

In March, 2009 JR East received an administrative sanction because the company's water intake had exceeded the maximum allowed 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 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 sincerely committed to fostering harmony with the river environment and enhancing co-prosperity with communities. Furthermore we are promoting compliance management to prevent occurrence of similar incidents.

▶ Risk Management

JR East established the Crisis Management Headquarters to centrally collect and manage information, and to promptly respond in the event of major crises affecting business operations of the JR East Group, etc. On top of this, we established the Crisis Management Office, a full-time bureau in the Administration Department at the Head Office that takes responsibility for secretarial work of the Headquarters. We are striving to be prepared for any potential risks JR East Group may face. We have established a system enabling us to promote compliance and to respond to various emergencies from overseas —terrorist threats, pandemics such as influenza, and other possibilities.

▶ Ensuring Information Security

In recent years, on the internet, cyber attacks have increased in sophistication world wide, and even in the public organizations and private companies in Japan, a large scale of information leakage has continuously occurred. Also the threat of cyber terrorism which plunges information systems related with social foundation into dysfunction is increasing.

JR East, as a company group which supports the social infrastructure of the railway, 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.

▶ Personal Data Protection

Pursuant to applicable laws and regulations including the Act on the Protection of Personal Information, the JR East Group published its 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 employee 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.