

# 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.

This handbook has been revised for fiscal year 2018 to reflect the recent changes in the laws and regulations so that the actions expected of the employees may be made more concrete.

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.

## ■ 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 all employees in the Group. These days the education has taken the format of a study group held at each department under the head of the department using materials prepared by the head office. Taking up familiar cases of violations, the study group leads employees to take another look at "why one has to observe rules" and "what happens if one fails to observe them."

Furthermore, we formulated the basic compliance issues which should be periodically confirmed by each applicable chief of business into the "Confirmation support sheet of basic issues" and we undertake continuous inspections and confirmations using this sheet. For fiscal year 2018 we have made it possible to monitor the use of this sheet in the field through the Intranet to insure more effective utilization of this arrangement. Additionally, in order to thoroughly disseminate the significance of obeying rules, we have selected representative cases of violations for use as teaching materials and for presentation on the Intranet as a showcase of compliance violations.

## ■ 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 retirees and publish how to accept them on our website.

In FY 2017, we received 194 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.

## ■ 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.

With respect to business risks faced by our Group, we review them periodically in terms of their importance and the impact they may cause when they become apparent. Furthermore, we identify risks inherent in all of our business operations, analyze and evaluate them and take actions to reduce them in accordance with their priority.

## ■ Ensuring Information Security

In recent years, on the internet, cyber attacks have increased in sophistication worldwide, 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 Privacy 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. For FY 2018 the Regulations for the Management of Personal Information was amended to comply with the amended Act on the Protection of Personal Information.

### Improprity at Shinanogawa Power Station

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.