

Basic thoughts on noise reduction

In the operation of trains, noise is created by the train cars moving through the air, by the wheels travelling on the rails, by the motors, and by other sources. In order to reduce noise, we are working in various ways to improve both the trains and our ground equipment.

JR East also endeavors to reduce noise during maintenance work on track and structures to further improve the lineside environment.

Measures for the Shinkansen

In accordance with the Japanese government's Environmental Quality Standards for Shinkansen Superexpress Railway Noise, JR East has taken many steps to reduce this noise, such as with the installation of soundproof walls and sound-absorbent materials, rail grinding*1 and the modification of our railcars to operate more quietly. We have already completed the implementation of measures to reduce noise levels to 75dB or lower in densely populated residential areas along our railway lines. At present, we plan countermeasure construction for the other areas in incremental steps. Also, based on the knowledge gained from running tests using the Shinkansen "FASTECH" test train, JR East is working to improve the environment even as we increase train speed, including further reduction of noise and micro-pressure waves in tunnels*2.

*1 Rail grinding
A measure to smooth out uneven places in rails caused by wheel movement. This reduces noise by controlling car vibration.
*2 Micro-pressure waves in tunnels
An explosive sound caused by forced air compression.



E5 Series trains have low-noise pantographs

Measures for conventional lines

We have implemented measures for conventional lines to minimize noise, such as installation of long rails*1, rail-grinding and wheel-truing*2. We also comply with the Japanese government's Policy on Noise Measures for Construction of New Conventional Railways or Large-Scale Remodeling when we engage in this kind of construction or modification of our conventional lines.

*1 Installing long rails
Rail joints are welded such that the length of a single rail becomes more than 200 meters. With fewer rail joints, these rails reduce noise produced at joints when trains pass.
*2 Wheel truing
A measure to grind the unevenness of wheels caused by wear, to restore their circular shape.

Measures for maintenance work

As maintenance work is usually done during the night, we give advance notice to residents in surrounding areas about the schedule and details of the work. We also make utmost efforts to minimize noise by using modified equipment that produces lower noise. Furthermore, by using a track that is designed to resist deformation, JR East is reducing the volume of required maintenance work.

Governance

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Corporate Governance

Basic Corporate Governance Philosophy of JR East

To achieve the sustained business growth and to improve its medium-to long-term corporate value, JR East pursues achievement of the ultimate in safety to enhance reliability for customers and to create a spiritually affluent life for people as our business so that the expectations of all our stakeholders including shareholders, customers and local communities will be met by making transparent, fair, firm and timely decisions.

JR East has set "the Guidelines of Corporate Governance" which were developed by the Board of Directors as the material which shows the basic concept of our corporate governance and its concrete activities and presents it on our corporate website.

The Reasons Why JR East Adopted the Present Corporate Governance System

In the railway portion of our main business, since a variety of knowledge and experiments for security and decision-making based on mid-and long-term perspectives are necessary we, JR East, therefore, set up a board of auditors which is composed of auditors who are independent from the board of directors.

JR East governance system

Our Board of Directors consists of 13 members including three outside directors (as of June 21, 2019), and it generally meets monthly to decide statutory requirements and other key operational matters and to supervise overall operations. The Board of Directors has established an Executive Committee consisting of 10 directors and 12 senior executive officers. This Executive Committee generally meets once a week and deliberates on matters to be decided by the Board of Directors and other important management issues. In addition, the Group Strategy Formulation Committee consisting of 10 directors, 12 senior executive officers and 4 executive officers was formed with the aim of the development of all JR East groups, and meets as required to discuss important group issues such as management strategies for each business field.

Audits by Corporate Auditors, Internal Audits and Status of Accounting Audits

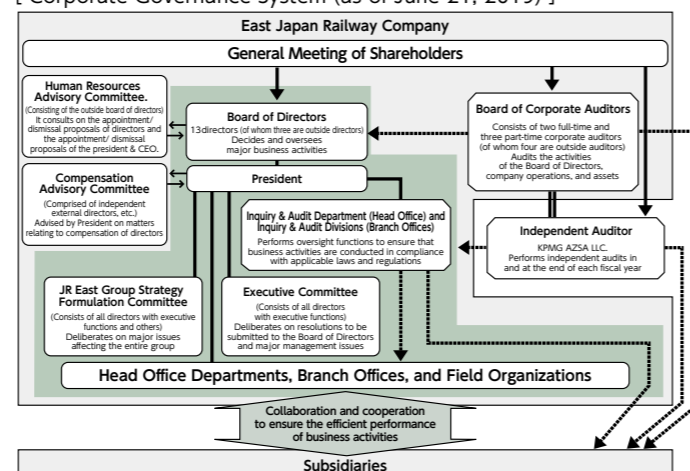
With respect to the Board of Corporate Auditors, in accordance with their rules, audits are conducted for the following activities, that is, full-time and other auditors attend important meetings such as the Board of Directors and the Executive Committee to check the contents of the meeting, in addition, they audit the execution of the directors' assignments or duties through the survey of business assignments and status of resources and others. As a rule, the Board of Corporate Auditors meets monthly to conduct information exchange between auditors. In addition, regular liaison conferences are held with auditors of group companies to exchange information about audits. The audit by Corporate Auditors is supported by approximately 10 specialized staff members. JR East has established the Inquiry & Audit Department (at the corporate headquarters) and Inquiry & Audit Division (in branch offices) involving approximately 100 full-time specialized employees so as to organize the audit system to ensure the lawful and effective

corporate operation. In addition, the Inquiry & Audit Department audits the Group companies.

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

Incidentally, there were no major violations of laws or regulations and the matters relating to the products and service in FY 2019.

[Corporate Governance System (as of June 21, 2019)]



Topics

Amendment of the guidelines of corporate governance

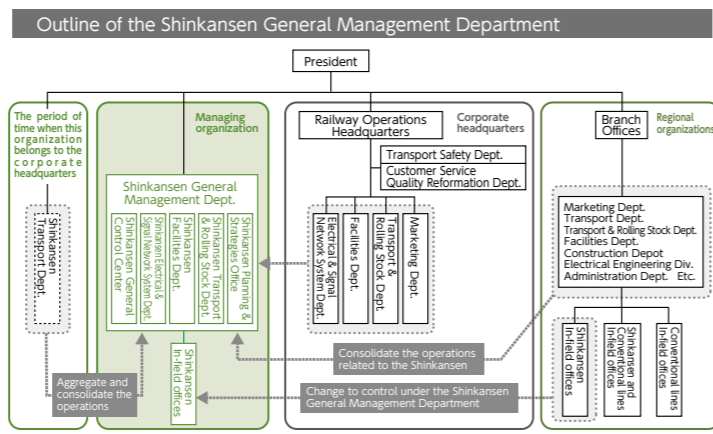
In accordance with the amendment of the corporate governance code of the Tokyo Stock Exchange, Inc. in June 2018, we amended our "East Japan Railway Company Corporate Governance Guidelines" in November 2018 so as to achieve sustained growth and to improve the corporate value in medium to long-term. We remain compliant with all general rules of the revised corporate governance code.

The main amendment is a new rule requiring the formation of the a personnel deliberation committee whose chairperson is an independent outside director and which consists of three independent outside directors and two other directors. The committee deliberates proposals for the appointment and dismissal of directors and the appointment and dismissal of the president & CEO from the point of view of ensuring objectivity, timeliness and transparency for the proposals.

From here on out, we will continue to enhance corporate governance and respond sincerely to the requirements of investors and all other stakeholders.

Revision of the organization - Installation of the Shinkansen General Management Department

On April 1, 2019, JR East consolidated the Shinkansen related operations performed by the corporate headquarters and the branch companies and the operations performed by the Shinkansen operation head-office in the past to create the "Shinkansen General Management Department" as a new division which manages Shinkansen operations in an integrated and professional fashion. While ensuring safe and stable transportation, as well as improving transportation quality and service level, we will pursue to create the ultimate Shinkansen for which we can be proud in the world through the activities such as the cooperation across the corporate headquarters, branch and affiliated companies, rapid decision-making, the maintenance and improvement of Shinkansen-specific technologies, and continuous human resource development.



Compliance: Risk management

To enhance the governance and the reliability for the local community and society



Corporate & Legal Strategies Dept. (Head Office)

JR East Group has determined compliance as the foundation of the corporate management so that we will build a better relationship of trust with local communities and society. Through various initiatives for compliance including education for all employees, fortunately there have been no incidents which have hurt the foundation of management.

Looking over the Japanese society as a whole, misconducts have often occurred which damage the foundation of corporate management resulting from the fact that priority is given to immediate profit and betraying the trust of the community and society such as personal data leaks, data fabrication and tampering, and creative accounting. In the past, JR East also conducted the improper event at Shinanogawa Power Station. As a result of this scandal, we received severe administrative punishments and stopped generating electricity for our own power in the Tokyo metropolitan area. In addition, we lost the trust from communities and society which caused employees and their families hard experiences. To prevent such serious misconducts, JR East Group has conducted the risk management initiative so as to identify, avoid and reduce individual business risks. In this year's compliance education for all employees, with setting the theme of "identifying risks before creating a serious situation", we will ensure that we all work together, instead of one person struggling to solve a problem alone while any scandals are still small to mitigate compliance risks.

In the "Vision 2027", we have established ESG management policies that focus on the environment (E), society (S) and governance (G) which affect the sustainable growth of companies. This is because of the fact that in the past, companies have placed priority only on immediate profits and have caused many compliance violations that shake the foundation of corporate management, such as with environmental destruction, human rights violations, and organizational fraud.

Now, in order to raise the governance and trust of the community and society, it is necessary for each employee to recognize various changes and undertake compliance activities while actively discussing with supervisors, subordinates and colleagues instead of only an introspective mindset.

Basic Concept of Compliance

JR East adopts "Compliance" as a basic policy of the corporate management to build a better relationship of trust with society.

We adopted "the Policy on Legal and Regulatory Compliance and Corporate Ethics" as the group's corporate activity guidelines, and we comply with all related laws including the railway business law in various business fields such as the transportation services, lifestyle services and IT/ Suica business, and we thus conduct business in accordance with corporate ethics. In addition to providing training to JR East group employees, we are promoting compliance initiatives such as setting up a "Compliance Hotline" both inside and outside the company.

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

This policy stipulates our approach to regulatory compliance and corporate ethics in accordance with the group's philosophy and activities principles. To improve the efficacy of "The Policy on Legal and Regulatory Compliance and Corporate Ethics", we have distributed the "Compliance Action Plan Handbook" to the entire group which outlines the "expected actions" which every employee is expected to deal with so as to notify them. This handbook was revised in FY 2017 to reflect the recent changes in laws and the social environment so that the actions expected of the employees maybe more concrete.