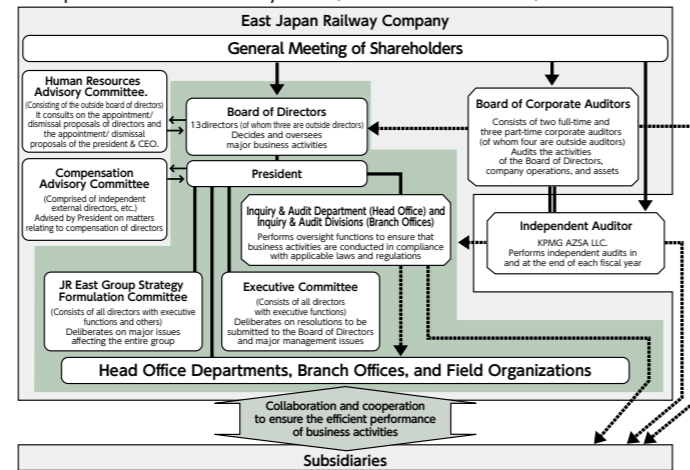


Audits by Corporate Auditors, Internal Audits and Status of Accounting Audits

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)]



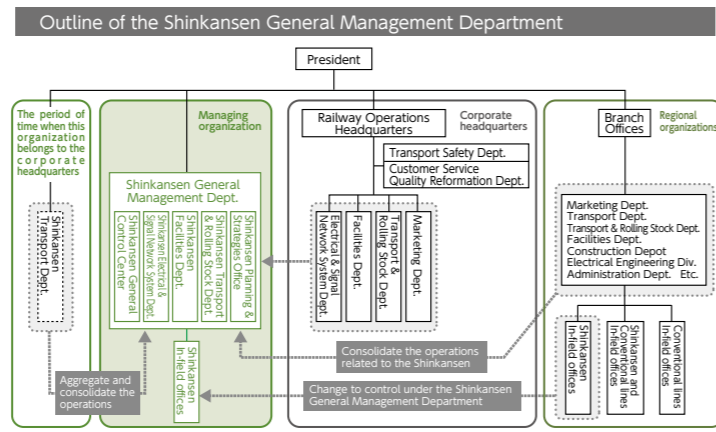
Topics

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.

Furthermore, in conjunction with the development of overseas business, we formulated and announced the "Basic Policy for the Prevention of Bribery Relating to Foreign Public Officials".

■Promotion of Compliance

To enhance the understanding of the importance of compliance and the intent of "the Policy on Legal and Regulatory Compliance and Corporate Ethics" by each employee, JR East have been providing "Compliance education for all group employees" annually. Taking into account recent corporate scandals, we have been reconsidering our own mission and the pride we should have, while also recognizing the importance of "good workplace communication". In addition, we will nurture a culture of "compliance by thinking for yourself" through such means as constructing curricula incorporating cases suited to each workplace.

Furthermore, we compiled the basic compliance issues which should be periodically confirmed by each applicable chief of the working field into the "Confirmation Support Sheet of Basic Issues" and we continuously undertake inspection and confirmation using this sheet. To ensure more effective utilization of this arrangement we have made it possible to monitor the use of this sheet in the field through the Intranet.

Additionally, in order to thoroughly impress the significance that rules should be followed, we have selected representative cases of violations for use as teaching materials and we post them as "historical examples of compliance violation" on the Intranet.

■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 "Compliance Hotlines", both inside and outside the company. We accept consultations and reports from business partners and retirees and publish how we accept them on our website.

In FY 2019, we received 230 consultations and messages on a wide range of issues such as the handling of laws and regulations, and problems in 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 JR East Group, etc. On top of this, we established the Crisis Management Office as a full-time bureau

in the Corporate&Strategies Legal Strategies Department at the Head Office that takes responsibility for Headquarters' secretarial work. 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 incidents, accidents and emergencies from overseas such as terrorist threats, pandemic infection, and other possibilities. With respect to the preventive measures against serious risks endangering the business operation of JR East Group, we identify, analyze and evaluate risks inherent in all our business operations, and we identify the serious risks and have undertaken actions to reduce these risks annually in accordance with their priority. In doing so, in collaboration with the internal audit division we have positively conducted risk reducing activities.

Impropriety 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 coprosperity with communities. Furthermore we are promoting compliance management to prevent occurrence of similar incidents.

■Ensuring Information Security

In recent years, on the internet, cyber-attacks have increased in sophistication worldwide, and even in public organizations and private companies in Japan, a large scale of information leakage has continuously occurred. Furthermore, the threat of cyber terrorism through computer viruses and other infections is increasing, which causes dysfunction in information systems related to the social infrastructure.

JR East, as a corporate group which supports the social infrastructure of railways, has designed and introduced an information security management system based on the "JR East Group's Basic Policy for Information Security", and regularly carries out security measures including upgraded information system functions. Furthermore, in cooperation with the external organizations, we have minimized the security risks by regularly monitoring and responding to fraudulent incidents and communications.

In addition, we will actively develop human resources specializing in security in cooperation with external organizations and we will improve cyber security-related knowledge by sharing information with other companies. At the same time, we will conduct problem response drills aimed at minimizing effects in the event of a problem, by promptly constructing an initial framework and taking measures through departmental cooperation.

All employees are kept constantly up to date on the importance of information security and the strict handling of information through our rule book on information system use and our internal magazine. All Group employees also receive the training for targeted intrusion mail and 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", JR East Group published its "Basic Policy for Personal Information Handling", formulated the "Regulations for the Management of Personal Information" and appointed Chief Privacy Officers who have the responsibility of strictly protecting personal data. Furthermore, as one of several measures responding to the EU General Data Protection Regulation (GDPR), which came into force in May 2018, we have now published an English-language version of our privacy policy and others on our website.

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.