

Corporate Governance

Basic Corporate Governance Philosophy



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Department

JR East pursues the achievement of ultimate safety to enhance reliability for customers and the creation of enriched lives for people as its business. To that end, it works to make transparent, fair, firm, and timely decisions. At the same time, the Company strives for genuine collaboration with its stakeholders, including customers, local communities, shareholders and investors, business partners, and all Group employees, and it aims to achieve sustained business growth and improve its medium- to long-term corporate value.

The Company's Corporate Governance Guidelines, developed by the Board of Directors, set out its basic approach and concrete activities and are published on its corporate website.

https://www.jreast.co.jp/e/data/pdf/governance_guideline.pdf

Major Changes in Corporate Governance Initiatives

June 2012	Change in number of directors → to 25 or less
November 2015	Disclosure of Corporate Governance Guidelines → Compliance with the Corporate Governance Code effective June 2015
June 2016	Establishment of a Remuneration Deliberation Committee → Strengthens involvement of outside directors in director remuneration
June 2016	Change in number of directors → to 20 or less
June 2016	Abolition of bonuses in executive remuneration system and conversion to performance-linked remuneration
December 2018	Establishment of Personnel Deliberation Committee → Ensures objectivity, timeliness, and transparency in the resolutions on the appointment and dismissal of directors and the appointment and dismissal of the president
June 2020	Directors' terms shortened to one year → Establishment of a management structure that can respond to future changes in the business environment and clarification of management responsibilities
June 2021	First female inside director appointed
June 2023	Transition to a company with audit and supervisory committee system of governance → Respond flexibly to the rapidly changing business environment and strengthen management structure → Delegate decision-making authority for important business operations from the Board of Directors to executive directors to further speed up decision-making and business operations Change in number of directors → Number of directors reduced to 20 or less, with the number of directors who are Audit and Supervisory Committee members reduced to five or less Change to executive remuneration system → "ESG-related initiatives" added to performance-linked remuneration metrics

Composition of the Board of Directors and Other Governing Bodies

JR East's Board of Directors consists of 16 members, including eight outside directors. It generally meets monthly to deliberate on statutory requirements, other basic business policies and strategies for the entire Group, important matters for Group management, and other key operational matters, and to supervise overall business operations.

The Board of Directors has established a Corporate Planning Committee consisting of seven directors (excluding outside directors and Audit and Supervisory Committee members) and 10 senior executive officers. The committee generally meets once a week to deliberate and report on matters to be decided by the Board of Directors and other important Group management issues.

In addition, the Group Strategy Planning Committee, chaired by the president and CEO, was formed to develop strategy across the entire Group and, with membership including directors and senior executive officers, it meets as required to discuss issues pertaining to the formulation and implementation of Group business strategies.

Method for Ensuring the Effectiveness of the Board of Directors

We perform an analysis and assessment of the effectiveness of the Board of Directors once a year.

The effectiveness of the Board of Directors is assessed from the perspective of the Board's roles and responsibilities, including transparent, fair, quick, and decisive decision-making.

Regarding the assessment method, all directors independently evaluate the Board of Directors' effectiveness. The results of this evaluation are analyzed, outside directors are consulted on their opinions, and the matter is discussed at a Board of Directors meeting. In light of those results, the Board of Directors' methods of operations may be revised, if necessary.

conducts sufficient reporting to fulfill its role in supervising business execution, and that it has an appropriate compliance system in place. On the basis of these results, we have assessed that the Board of Directors is sufficiently fulfilling its roles and responsibilities and judged it as being effective.

In addition, reflecting the opinions of outside directors, to further enhance the effectiveness of the Board of Directors, JR East will continue to provide training for directors, which includes the hosting of on-site visits for outside directors and lectures by outside experts. We also aim to expedite management decision-making and enhance monitoring functions in line with our transition to a company with audit and supervisory committee system of corporate governance and accelerate discussions to clarify the vision and direction of each business unit.

Provision of Information to Outside Directors

To boost the effectiveness of its Board of Directors, JR East is working to enhance opportunities for information sharing by having outside directors conduct inspections and engage with employees in each area of operation at on-site visits. In fiscal 2024, it implemented the following.

- Inspection of J Bio Food Recycle Corporation Yokohama Plant (November and March)
- Inspection of the site of the train collision that occurred at Higashi-Nakano Station (December)
- Inspection of India High-Speed Rail Project (January)
- Inspection of Aomori General Management Center and Aomori Station East Exit Development (February)

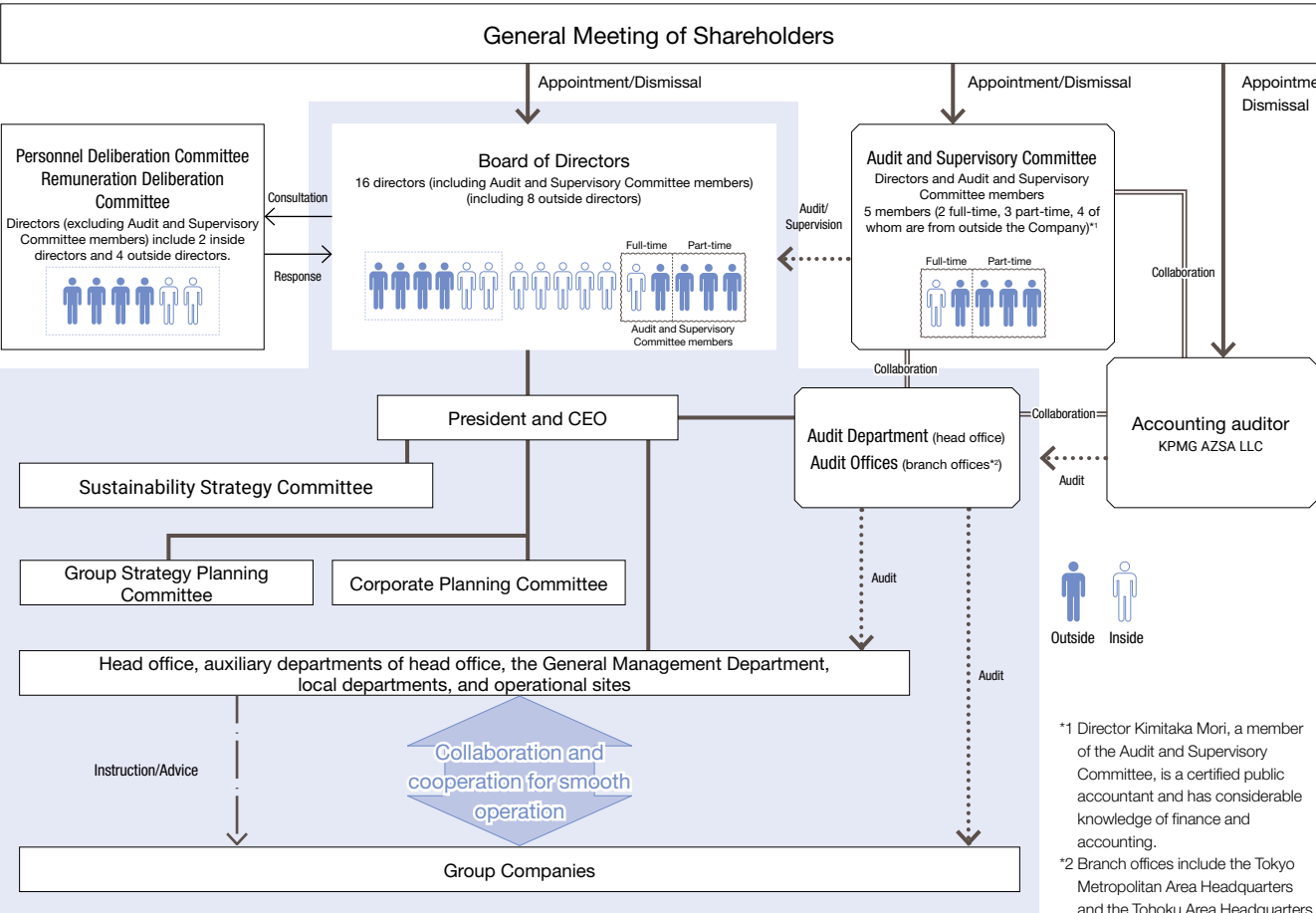


Inspection of the site of the train collision that occurred at Higashi-Nakano Station



Inspection of India High-Speed Rail Project

Corporate Governance Report (As of July 2024)



Results of the Analysis and Assessment of the Board of Directors' Effectiveness

Based on self-evaluations by all directors and discussions with outside directors, in May 2024, the Board of Directors confirmed that the Board of Directors appropriately considers matters for deliberation,

Approach to Evaluating the Effectiveness of the Board of Directors

Effectiveness Evaluation Process		Results of Effectiveness Evaluation	
Self-Assessment by Board of Directors Meeting Attendees (February 2024)	Evaluation items <ul style="list-style-type: none">○ Decision-Making Related to Business Execution Discussions on strategic direction, agenda setting○ Supervision of the Execution of Duties by Directors Reporting on job execution status Compliance and risk management systems○ Management of the Board of Directors Discussion time, advance provision of information, director training	Assessment of the Effectiveness of the Board of Directors in Fiscal 2024 <ul style="list-style-type: none">○ Highly Rated Items<ul style="list-style-type: none">• Strategic discussions at Board meetings• Active exchange of ideas• Workations and site visits for executives (including overseas)○ Items for Improvement<ul style="list-style-type: none">• Further discussion of medium- to long-term management strategies• Clarification of the process and background of matters for discussion• Expansion of exchanges of opinions between outside directors and employees	
	Solicitation of Opinions from Outside Directors (March 2024)		
	Exchange of Opinions Between Outside Directors and the Chairman and Representative Directors <ul style="list-style-type: none">○ Main Topics for Discussion Consultation on strategic agenda items Securing time for consultation Preliminary explanation of Board meeting agenda Risk management system		
Discussion at the Board of Directors Meeting (May 2024)	Report Survey Results and Discussion Content Discussion of future plans based on the previous year's efforts	Initiatives to be Implemented <ul style="list-style-type: none">• Ongoing discussion on medium- to long-term management strategies• Clarification of the agenda process and points of discussion in the meeting materials, and provision of more detailed explanations in advance• Continuation of dialogue with employees through executive workations, etc. (one-on-one meetings with executive officers, etc.)	

*1 Director Kimitaka Mori, a member of the Audit and Supervisory Committee, is a certified public accountant and has considerable knowledge of finance and accounting.
*2 Branch offices include the Tokyo Metropolitan Area Headquarters and the Tohoku Area Headquarters.

Personnel Deliberation Committee

When it comes to resolutions on the appointment and dismissal of directors (excluding Audit and Supervisory Committee members) and on the appointment and dismissal of the president and CEO, as a means of ensuring objectivity, timeliness, and transparency, the Company consults in advance with the Personnel Deliberation Committee, which consists of outside directors and other directors (excluding Audit and Supervisory Committee members).

Remuneration Deliberation Committee

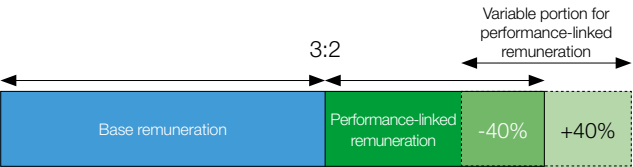
When it comes to determining the remuneration of directors (excluding Audit and Supervisory Committee members), as a means of ensuring the transparency and fairness of procedures, the Company consults in advance with the Remuneration Deliberation Committee, which consists of outside directors and other directors (excluding Audit and Supervisory Committee members).

Executive Remuneration

The Company pays directors (excluding outside directors and Audit and Supervisory Committee members) base remuneration based on their roles in consideration of their everyday business execution, within the scope of the remuneration amount resolved at the General Meeting of Shareholders. In addition, said directors receive performance-linked remuneration based on management performance, shareholder dividends, their degree of contribution to operating performance and the achievement of our medium-term management vision, and ESG-related initiatives during the fiscal year.

In consideration of their job responsibilities, outside directors (excluding Audit and Supervisory Committee members) receive no performance-linked remuneration. They receive base remuneration for business execution within the scope of the remuneration amount resolved at the General Meeting of Shareholders.

Ratio of Base Remuneration to Performance-Linked Remuneration
The ratio of base remuneration to performance-linked remuneration for directors (excluding outside directors and Audit and Supervisory Committee members) is 3:2, excluding the variable portion for an individual director's performance. In addition, the variable portion for individual directors' performance-linked remuneration is added to or subtracted from the basic amount for each position within the range of +40% to -40%.



Indices for Performance-Linked Remuneration and the Reason for Their Selection
At JR East, we comprehensively evaluate metrics and other items related to performance-linked remuneration and reflect them in our calculation of remuneration amounts. To assess performance during the year, level of contribution, and ESG-related efforts, the president and CEO conducts goal-setting and tracing interviews with individual directors regarding the achievement of annual plans and “Move Up” 2027. Performance-linked remuneration is paid as cash remuneration at a fixed time each year.

No non-monetary remuneration is paid.

Breakdown of Director Remuneration

Officer Classification	Number of Officers	Total Amount	By Type	
			Base Remuneration	Performance-Linked Compensation
Directors (excluding Audit and Supervisory Committee members)	13	¥528 million	¥324 million	¥204 million
Directors and Audit and Supervisory Committee members	4	¥72 million	¥72 million	–
Auditors	5	¥23 million	¥23 million	–
Total	22	¥624 million	¥420 million	¥204 million

(Note 1) In June 2023, JR East transitioned to a company with audit and supervisory committee system of governance. Remuneration for members of the Board of Corporate Auditors pertains to the pre-transition period, and remuneration for Directors (Audit and Supervisory Committee members) pertains to the post-transition period.

(Note 2) Base remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee) and Board of Corporate Auditors members includes the amount paid to two directors and two members of the Board of Corporate Auditors who retired at the conclusion of the 36th Ordinary General Meeting of Shareholders held on June 22, 2023. Total remuneration includes ¥128 million in remuneration paid to eight outside directors (including one who retired at the 36th Ordinary General Meeting of Shareholders held on June 22, 2023).

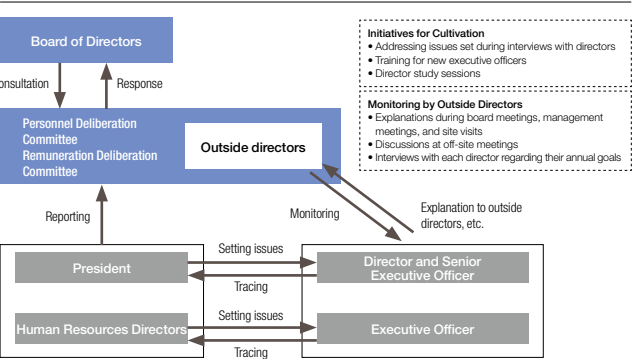
Succession Plans

JR East has a performance evaluation system in place for inside directors (excluding Audit and Supervisory Committee members) and a target management system that sets targets for managers and other employees who are candidates for executive positions. It considers these systems, along with efforts toward training at each level, to constitute succession plans for the role of president and CEO and other officer positions.

The Personnel Deliberation Committee deliberates on succession plans for the president and CEO and reports to the Board of Directors, so that the committee will be proactively involved in the formulation and implementation of those plans while at the same time appropriately supervising the development of successor candidates in a systematic manner.

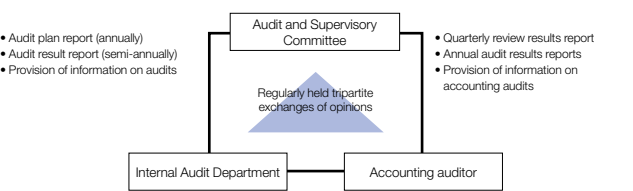
The Board of Directors also supervises whether successor training for the president and CEO is being conducted appropriately by obtaining reports on succession plans and reviewing the status of efforts to achieve management targets such as the Group Management Vision and annual management strategies to ascertain the details of succession plans and the accomplishments of directors and executives.

Succession Plans Concept Chart



Auditing

JR East conducts Audit and Supervisory Committee audits, internal audits, and accounting audits. The Audit and Supervisory Committee, the Internal Audit Department, and the Accounting Auditor endeavor to conduct mutually efficient and effective audit activities through the sharing of the following information.



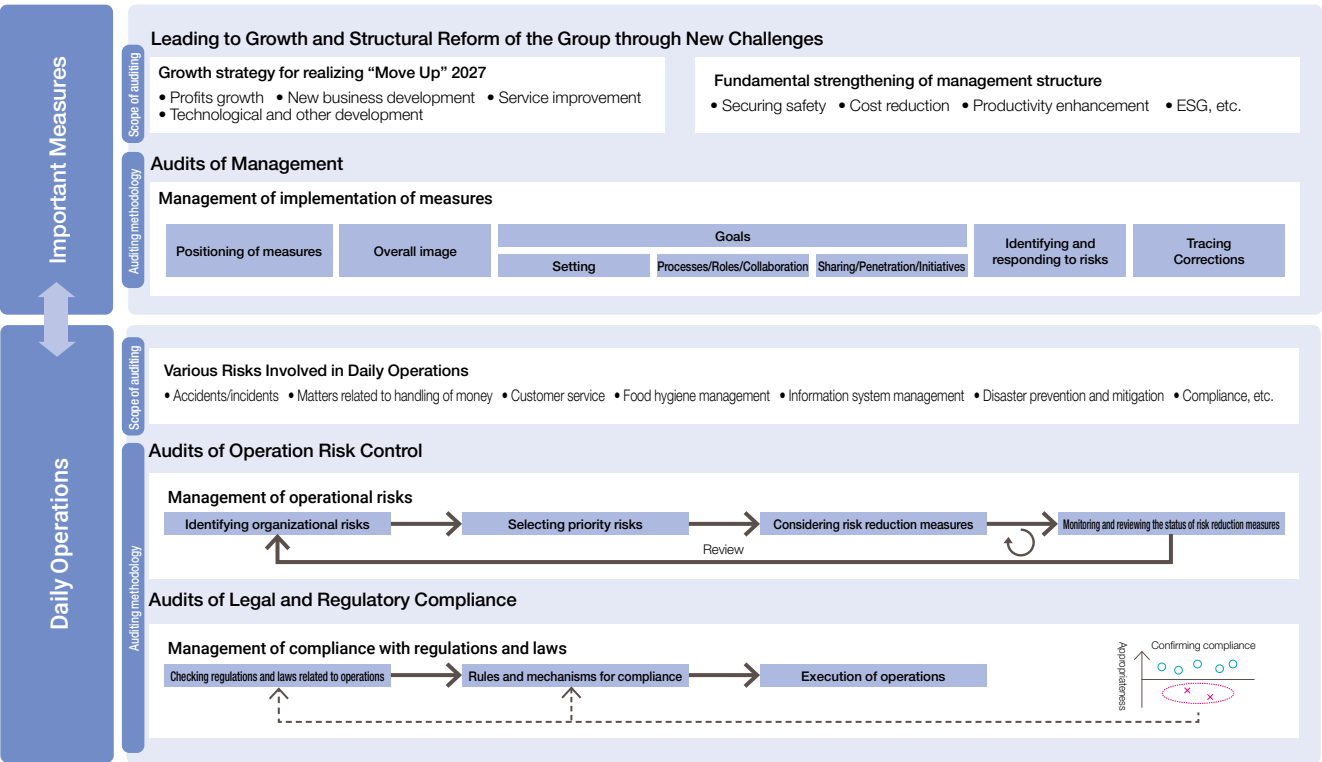
Audits by the Audit and Supervisory Committee

The Audit and Supervisory Committee specifically reviews the audit policy, methods, division of duties and plans, the appropriateness and operational status of the resolutions of the Board of Directors regarding the system for ensuring the appropriateness of operations, and the appropriateness of the accounting auditor's audit methods and results. In accordance with the policies determined by the Audit and Supervisory Committee, each committee member attended meetings of the Board of Directors and other important meetings, listened to reports on the status of the execution of duties from directors and employees, inspected important approval documents, audited the status of business and financial assets of the head office and key offices, listened to reports on the status of execution of duties from the accounting auditor, with whom they also discussed key audit matters, and consulted regularly with the representative director and outside directors. Notably, the full-time Audit and Supervisory Committee members endeavored to strengthen the audit and supervisory functions of the committee by attending meetings such as the Sustainability Strategy Committee and collecting information from individual divisions within the Company. In addition, regarding Group companies, the committee worked to communicate and exchange information with Group company directors and corporate auditors and obtained reports as needed on the operations of Group companies. The Company has appointed approximately 10 dedicated staff members to assist the Audit and Supervisory Committee.

Internal Audits

Internal audits are conducted by a dedicated team of staff in the Audit Department at head office and in Audit Offices at each branch office to evaluate and make recommendations on the status of business execution, risk control, and management of measures to realize the JR East Group Management Vision “Move Up” 2027 from the perspectives of effectiveness, efficiency, legality, and adequacy. Guided by an audit plan, the dedicated staff audit the head office, branch offices, and operational sites. Where there is need for improvement, the team asks for a report on the situation and provides advice.

Areas Subject to Internal Audits



In addition, Group companies assign internal audit staff to conduct audits, and the parent company also conducts audits on a regular basis. The results of these audits are reported to the president and CEO approximately once a quarter and to the Board of Directors and the Audit and Supervisory Committee once every half year.

Accounting Audits

Accounting auditor KPMG AZSA LLC, which has an audit agreement in place with the Company, conducts audits during and at the end of the fiscal year.

Policy on Shareholdings in Selected Companies

The Company will hold shares in selected companies that will contribute to its corporate value, in order to maintain and strengthen stable business relationships and close cooperative relationships with such companies over the medium- to long-term. The Company's policy regarding policy shareholdings is as follows:

- The Company will exercise its rights as a shareholder of a company by examining the details of proposals for each general meeting of shareholders of said company.
- With the aim of continuously reducing the overall scale of policy shareholdings, the Company will examine the medium- to long-term economic rationale and outlook of its shareholdings in each of the selected companies in light of their operating results, capital cost, and other such criteria.
- When a policy shareholder proposes to dispose of Company shares, the Company will take no action to inhibit such disposal
- Regarding shares in selected companies held as of fiscal 2024 year-end, the Company individually examined those shareholdings at the Board of Directors meeting held on June 12, 2024, and resolved to continue to hold only those stocks where the rationale for holding them has been confirmed.

Organization (As of July 2024)

Directors : Personnel Deliberation Committee member : Remuneration Deliberation Committee member
①: Number of years in office ②: Attendance at meetings of the Board of Directors in fiscal 2024

Chairman of the Board of Directors
Yuji Fukasawa
① 19 years ② 16/16

President and CEO
Yoichi Kise

① 7 years ② 16/16

Executive Vice President
Katsumi Ise
① 4 years ② 16/16

Executive Vice President
Chiharu Watari
① 3 years ② 16/16

Executive Director
Atsuko Itoh
① 4 years ② 16/16

Executive Director
Harumi Nakagawa

① 1 year

Executive Director
Hideji Uchida
① 1 year

Outside Director
Hiroko Kawamoto

① 5 years ② 15/16

Outside Director
Toshio Iwamoto

① 3 years ② 16/16

Outside Director
Yumiko Noda

① 1 year

Outside Director
Hiroshi Ohashi

① 1 year

Directors and Audit and Supervisory Committee Members

①: Number of years in office (including years served as Corporate Auditors) ②: Attendance at meetings of the Board of Directors in fiscal 2024 (including attendance at meetings as Corporate Auditors)
③: Attendance at the Audit and Supervisory Committee meetings in fiscal 2024 (including attendance at meetings of the Board of Corporate Auditors)

Outside Director, Full-Time Member of the Audit and Supervisory Committee
Takashi Kinoshita
① 6 years ② 16/16 ③ 18/18

Director, Full-Time Member of the Audit and Supervisory Committee
Masaki Ogata
① 2 years ② 12/12 ③ 12/12

Outside Director, Member of the Audit and Supervisory Committee
Kimitaka Mori
① 8 years ② 16/16 ③ 18/18

Outside Director, Member of the Audit and Supervisory Committee
Hiroshi Koike
① 3 years ② 16/16 ③ 18/18

Outside Director, Member of the Audit and Supervisory Committee
Tomoko Amaya
① 1 year

Directors' Skills Matrix

		Areas especially expected based on the skills, expertise, and experience of each Director (top row) and focus points in these areas (bottom row)							
		Realization of sustainable growth	Provision of safe and secure social infrastructure	Realization of a vibrant society	Resolution of social issues, such as contributing to a prosperous global environment	Creation of new services and social implementation through technological innovation	Realization of D&I so that all Group employees can actively participate	Improvement of management reliability	Establishment and promotion of a global business model
Name	Position and Responsibilities / Other Noteworthy Information	Company management, business strategy, and finance	Safety and security	Regional revitalization and Lifestyle Solutions	ESG	Technological innovation and digital transformation	Engagement	Legal and compliance	Global
Yuji Fukasawa	Chairman of the Board of Directors	●			●				
Yoichi Kise	President and CEO (Representative Director)	●	●	●	●		●	●	
Katsumi Ise	Executive Vice President (Representative Director) Assistant to President Director General of Innovation Strategy Headquarters	●			●	●			
Chiharu Watari	Executive Vice President (Representative Director) Assistant to President Director General of Railway Business Headquarters Chief Safety Officer	●	●				●		
Atsuko Itoh	Executive Director Director General of Corporate Strategies Headquarters	●			●				●
Harumi Nakagawa	Executive Director Director General of Marketing Headquarters; In charge of Shinagawa Development; In charge of Regional Revitalization, In charge of Tourism/Work & Welfare Strategies Department.	●		●			●		
Hideji Uchida	Executive Director Deputy Director General of Railway Business Headquarters Transport & Rolling Stock In charge of Safety Management Department	●	●			●			
Hiroko Kawamoto	Outside Director Has held important positions at All Nippon Airways Co., Ltd., and ANA Strategic Research Institute Co., Ltd.	●			●		●		
Toshio Iwamoto	Outside Director Served as president and CEO, representative director of NTT DATA Corporation (currently NTT DATA Group Corporation)	●				●			●
Yumiko Noda	Outside Director Served as chairman and representative director at Veolia Japan Co., Ltd. (currently Veolia Japan LLC).	●			●				●
Hiroshi Ohashi	Outside Director Served as professor at the Graduate School of Economics, dean of the Graduate School of Public Policy, and vice president at the University of Tokyo.	●		●	●				
Takashi Kinoshita	Outside Director, Full-Time Member of the Audit and Supervisory Committee Has held important posts in the National Police Agency	●			●			●	
Masaki Ogata	Director, Full-Time Member of the Audit and Supervisory Committee Has held important posts in the Company's Railway Business Division and has also served as chairman of the International Association of Public Transport, in addition to serving as vice chairman of the Board of Directors of JR East	●	●			●			
Kimitaka Mori	Outside Director, Member of the Audit and Supervisory Committee Certified public accountant Has previously served as president of the Japanese Institute of Certified Public Accountants	●			●			●	
Hiroshi Koike	Outside Director, Member of the Audit and Supervisory Committee Has served as a judge of the Supreme Court of Japan	●			●			●	
Tomoko Amaya	Outside Director, Member of the Audit and Supervisory Committee Has held important posts in the Financial Services Agency	●			●				●

Note: The above list does not represent the entire expertise and experience of each director.

Roundtable Discussion with Outside Directors

Toshio Iwamoto
Outside Director

Yuji Fukasawa
Chairman of the Board of Directors

Kimitaka Mori
Outside Director
(Member of the Audit and Supervisory Committee)

JR East transitioned to a company with audit and supervisory committee corporate governance structure one year ago. Outside Director Toshio Iwamoto, Outside Director and Audit and Supervisory Committee Member Kimitaka Mori, and Chairman of the Board of Directors Yuji Fukasawa participated in a roundtable discussion that focused on changes in the Company’s governance over the past year and best practices with respect to internal control, internal auditing, and risk management.

The transition to a company with audit and supervisory committee corporate governance structure has further heightened the effectiveness of the Board of Directors.

Fukasawa In June 2023, the Company made the decision to change the institutional design of JR East’s corporate governance structure from a company with board of corporate auditors to a company with audit and supervisory committee. The main aims of this change were the acceleration of decision-making and operational execution and the reinforcement of auditing capabilities. The change was also intended to increase the pace of implementing initiatives focused on the realization of the JR East Group Management Vision “Move Up” 2027, which was established in 2018 when I became president and CEO. In line with “Move Up” 2027, we aim to reflect population decline and other changes in the business environment by switching over to a path that leads to the creation and provision of new value. Our goal is to achieve a shift in emphasis from supply-side business activities centered on railway infrastructure to a more demand-side driven, people-focused perspective. We want to incorporate the perspectives of multiple

stakeholders, not just customers but also local communities, shareholders, and employees. With this shift in mind, we have transformed our organization and workstyle so that decision-making and operational execution are closer to the customer. A further motivation for changing our institutional design and accelerating transformation was to adapt to the faster paced changes in the business environment that accompanied the COVID-19 pandemic.

In making changes, we have revised the Board of Directors’ agenda criteria and taken other measures to delegate authority and expedite decision-making, further strengthened supervision, and realized livelier discussions. To enhance discussions on matters of importance to the management of the Group, the authority to make decisions on operational execution has been transferred from the Board to the directors, with the exception of particularly important matters relating to fundamental management policies and strategies for the entire Group. The executive side is also moving forward with the delegation of authority to locations close to frontline operations, and organizational transformation is beginning to operate more efficiently in the Company as a whole.

Iwamoto I was involved in the business management of JR East when it had a company with board of corporate auditors corporate governance structure, and I have seen the progress of the Company’s governance reforms. I believe that the governance of JR East functioned appropriately when it had the previous corporate governance structure. Since the change in institutional design, however, discussions have become livelier because a company with audit and supervisory committee corporate governance structure allows Audit and Supervisory Committee members to exercise voting rights at Board meetings.

As for the content of discussions, accident prevention and safety has become a more important theme than ever due to the occurrence of several major accidents in fiscal 2024. The Board exchanged opinions on the reported circumstances of the accidents and the lessons to be learned from them, reaffirming that safety and customers are the first priority as well as the importance of training in preventing recurrence. Our discussions on the operation of the countermeasures headquarters and information sharing continued and were also very meaningful. Further, training that reflected feedback from the discussions was rapidly held, and I was present at some of the training. By seeing actual training firsthand, I gained a better understanding of the Company.

Another important theme is the future of the JR East Group. We have reaffirmed the need to accelerate business management based on the two pillars of Mobility and Lifestyle Solutions. Endeavors to promote the growth of Lifestyle Solutions and develop globally are ambitious initiatives for the Group. I am committed to contributing to these endeavors by drawing on my own experience and knowledge.

Mori This is my eighth year in office, including the period when I was a corporate auditor. Since the beginning of my tenure, I have observed lively discussions at Board of Directors’ meetings. Even when JR East had a company with board of corporate auditors corporate governance structure, both decision-making and supervisory functions were realized, and governance operated well. On the other hand, given capital market trends, there was an increasing need to review the way the Board operated. As JR East aimed to expedite decision-making and business execution and strengthen the supervisory function, a company with audit and supervisory committee corporate governance structure was deemed more appropriate for the Company.

At Board meetings, I contribute to discussions based on my knowledge as a certified public accountant. Since the change in JR East’s corporate governance structure, deliberations on single matters are fewer, while discussions on the Group’s vision for the future, business strategies, and risk management have increased. Rather than merely approving or confirming financial results and other results, we now analyze results and hold discussions that take into consideration strategy and risk management. The best practices in Board operations are changing with the times, and I believe that the Company’s governance will continue to evolve further.

Fukasawa Each outside director has their own fields of expertise, allowing us to receive advice from a wide range of expert perspectives. Mr. Iwamoto has extensive knowledge of systems, security, overseas business, and M&As, while Mr. Mori has in-depth knowledge of finance, accounting, and international trends. They give us very specific advice, helping us to identify the points on which we should focus. The incorporation of perspectives different from those we have developed in the railway business is extremely beneficial.

We will establish governance that helps to enhance corporate value.

Fukasawa The Group aims to grow through business management based on the two pillars of Mobility and Lifestyle Solutions. To achieve this aim, I feel that we must make further progress in our people-focused transformation. Instead of providing discrete Transportation, Lifestyle, and IT & Suica services, we must think in a people-focused way and promote integration and collaboration among our businesses. We have also been promoting integration and collaboration among our organizations in order to realize creativity in operational areas that are closer to customers. Our employees are taking on the challenge of this new initiative enthusiastically. On the other hand, as the transition to a flatter organization progresses through the delegation of authority, the establishment of appropriate governance and internal control is important. This effort does not mean stipulating what is not allowed but rather entails building systems that further encourage Group employees to take on new challenges boldly.

Iwamoto In becoming a company based on the two pillars of Mobility and Lifestyle Solutions, there are high barriers to overcome. A radical change of mindset is necessary not only for employees but also for directors. Establishing a vision is easy, but realizing it is not simple.

At Board meetings, the deliberation of business strategy is of fundamental importance. When analyzing strategy, risks must also be discussed. It is not possible to set out on a new path simply by avoiding risk. Based on my experience, I offer advice aimed at risk control that avoids the reckless pursuit of initiatives while encouraging appropriate risk-taking.

Mori As a corporate auditor, I have observed management since the formulation of “Move Up” 2027. I believe we were able to achieve steady business management even during the COVID-19 pandemic because at an early stage we began looking to the future and working on transformation. When we were formulating the management vision, Mr. Fukasawa emphasized from the outset that each Group employee would play a leading role. This emphasis greatly encouraged employees to take on challenges and motivated them to pursue various initiatives during the pandemic.

When I worked at an auditing firm, I was in charge of auditing major corporations as the lead auditor. In my advisory work in support of organization building, I was also involved in the establishment of many governance and internal control systems. In addition, I participated in the establishment of Japan’s Corporate Governance Code as a committee member. The original purpose of the Code was to enhance corporate value and promote sustainable growth. It was formulated with the aim of creating an effective braking mechanism that would allow companies to firmly step on the accelerator. The essence of internal control is to ensure the effectiveness and efficiency of operations and to share information in-house so that each employee understands the senior management team’s thinking and participates in business management as a leading player. At the JR East Group, efforts to develop the Group and increase its value and to boldly take on challenges for growth are viewed as being consistent with internal control in the broad sense of the term. Accordingly, we are moving forward with the establishment of systems that allow employees to step firmly on the accelerator. We have to establish an internal control system that enables all employees to take on challenges with a sense of participation in business management.

Risk-taking is the key to medium- to long-term growth.

Mori To assess whether internal control is functioning, in-depth audits are necessary. Audits have three stages of development. The first stage is an inspection of compliance and clerical adequacy. The second stage is a risk-based approach in which risks are viewed as new chances and growth opportunities and are appropriately identified and managed. The third stage is the themed audit, in which themes are determined and audits are conducted based on them. Having proceeded through the first and second stages, JR East is ahead of other companies in conducting third-stage audits, which it refers to as management audits. We evaluate the status of management execution in each department. That is to say, we confirm that businesses are taking appropriate steps with respect to the establishment of goals, the establishment of processes for their achievement, and risk management. At the same time, we identify improvements needed to support measures for these requirements.

In achieving business strategies and upgrading risk management even further, it is important we ensure the implementation of the improvements that we have identified as necessary.

Iwamoto There is no doubt that risks can also become opportunities. With respect to risk management, the Group deserves praise for its establishment of a management audit system that collects information from frontline operations and controls risk on a Groupwide basis. Over the past year, I have confirmed that this system is functioning effectively.

Nonetheless, as we are in an era of rapid changes in the business environment, rather than just maintaining the status quo, the Group must constantly seek further improvement. I believe that we will need to look at risk from a broader perspective. For example, the emergence of generative AI and geopolitical risks is having a global impact. We must consider the effect that all kinds of factors will have on the Group in the future. Rather than analyzing risks individually, we have to take a more integrated approach. Generative AI has the potential to replace human intellectual labor. If we promptly grasp such risks and tackle them ahead of time, we will have an advantage. We need to constantly examine whether our current efforts are sufficient from the perspective of risk management for the future beyond 2027.

Fukasawa In order to realize business management based on the two pillars of Mobility and Lifestyle Solutions through risk-taking and the transformation of our business portfolio, we must also consider how to leverage our strengths, which are the basis for value creation. The utilization of human capital is a key area. For this reason, we are promoting measures to maximize the capabilities of Group employees. How to move forward with the utilization of data is also important. Therefore, we must ensure that our management and governance of data are appropriate. We are working on ID integration of various digital services and the in-house use of generative AI. However, we need to do more with respect to data-related assets. I believe that if we skillfully utilize human capital and data-related assets, we can turn risks into major opportunities.

Of course, the most important thing is to pursue ultimate safety levels to ensure that we continue earning stakeholders' trust, which is the foundation of all our businesses. The occurrence of a major accident could shatter this trust at a stroke. In April 2024, we launched a new safety plan. To respond to various changes in our business environment, including the increased severity of natural disasters, we are strengthening our safety measures based on the concept of "foreseeing the unexpected." Safety is the top priority of business management and continues to underpin all the Group's businesses.



We are endeavoring to formulate and improve succession plans.

Iwamoto April 2024 saw the appointment of former executive vice president Yoichi Kise to the position of president and CEO. The Personnel Deliberation Committee system has been adopted to ensure objectivity, competence, and transparency in the approval of proposals for the appointment and dismissal of directors and the president and CEO. After discussing proposals from the executive side, the committee reports its conclusions to the Board of Directors. Our main focus when discussing and considering the recent presidential changeover was the ideal JR East president. Candidates are selected based on this ideal and then evaluated.

I believe that presidents must have a suitable personality. Personality reflects an individual's innate character. An impressive personal track record and skill set are obviously necessary, but in my view it is an individual's personality that is the deciding factor. In this regard, we are able to communicate directly with candidates in-house. Also, JR East offers many opportunities for personnel to talk with various people inside and outside the Company. Such day-to-day dealings with people further our understanding of candidates' personalities.

Fukasawa As we build a foundation of trust through safety and reliability, it is necessary for the president and CEO to continue appropriately controlling the railway business, which is a highly specialized, disciplined organization. Therefore, the committee has been holding discussions to the effect that, at the present juncture, the in-house development and selection of a president is important. On the other hand, advancing business management based on the two pillars of Mobility and Lifestyle Solutions calls for experience and connections with local communities not only in Mobility but also in Lifestyle Solutions. In addition, the Company requires personnel who have the flexibility to cope with rapid changes in the business environment. In the recent selection of a new president, such requirements were taken into account when considering candidates.

Also, in fiscal 2025 we have introduced management based on business units with the aim of maximizing cash flows in 14 different business units. Under the system introduced, we compare each

business unit with industry peers. Growth strategies are then formulated and implemented. President Kise will manage this system, which I think is a more weighty responsibility than ever.

Iwamoto In order to realize a business portfolio balanced between Mobility and Lifestyle Solutions, we must open up new fields without compromising the foundation of safety. Having the ability to break through is important. The president's job is to realize what he has envisioned. Therefore, I would like President Kise to balance risk-taking and braking while giving shape to JR East's vision for the future.

Mori For a president, having a personality that makes people want to follow them is essential. In addition, ultimate safety levels have become intrinsic to the overall JR East Group brand. They are fundamental not only in Mobility but also in Lifestyle Solutions. In growing Lifestyle Solutions, ultimate safety levels differentiate the Company from competitors and offer opportunities for breaking into new fields. I hope that JR East leverages such strengths in its efforts to rapidly advance business management.

In our respective roles, we will focus on utilizing our competence to contribute to the continued evolution of governance.

Iwamoto The Group's vision and purpose have already been set out. However, their realization will require a continuous process of trial and error. I believe President Kise is searching for answers in this regard. Railways have a high entry barriers, but many companies will enter fields such as real estate, lifestyle services, and Suica. To prevail in such conditions, I believe that the Group has to build original bridgeheads in these fields. In the process of doing so, the Group will face considerable barriers. Consequently, I want to use my experience to support the Group in taking on ambitious initiatives.

Mori We need to show the kind of value that the Group will create. Safety and reliability are readily understandable forms of the value JR East provides. However, if we are aiming for business

management based on the two pillars of Mobility and Lifestyle Solutions, we must present a clear picture of what business management will look like. I hope that the Board continues to discuss how to present this picture of business management and engage in intense debate on business strategy and risk management. While population decline is inevitable, demand for mobility will not disappear. The wealth of assets and technologies that the Group possesses as well as the trust and relationships it has fostered with local communities are invaluable strengths. When I participate in events organized by the Group in local communities, I feel strong trust from the communities. Such trust is proof that the Group is deeply rooted in communities. I would like to give advice on how to make the most of and enhance the significance of these strengths.

It is paramount that the senior management team's vision is well understood by frontline employees and reflected in their actions. As an Audit and Supervisory Committee member, I will continue to offer a range of advice and support.

Fukasawa During the COVID-19 pandemic, I spent considerable time thinking about the sustainability of the Group and the trust it has garnered. Our business has a social responsibility. I was always mindful of whether the value we provided was beneficial to society and whether we were providing value that inspired trust. Even though our business portfolio has changed, the weight of this responsibility remains the same. I hope that the outside directors will continue to boost the Group's long-term development and provide us with advice based on a broad range of perspectives.

The JR East Group has frontline sites that operate 24 hours a day, and recently it has focused on overseas development. With that in mind, I hope our outside directors have opportunities to see the Group's diverse frontline sites.

As chairman of the Board of Directors, I want to continue to actively visit frontline sites so that I can directly convey our goal of giving each employee a leading role.