

# Board of Directors and Corporate Auditors

As of September 1, 2018\*1

**Tetsuro Tomita**

Chairman  
Number of Company shares owned: 8,500 shares

**Masaki Ogata**

Vice Chairman, Technology and Overseas Related Affairs  
Number of Company shares owned: 8,500 shares

**Yuji Fukasawa\*2**

President and CEO  
Number of Company shares owned: 5,200 shares

## Executive Directors

**Tadao Maekawa**

General Manager of Tokyo Branch Office  
Number of Company shares owned: 5,100 shares

**Tomomichi Ota**

Director General of Technology Innovation  
Headquarters; In charge of Transport Safety  
Department, Railway Operations Headquarters  
Number of Company shares owned: 1,400 shares

**Kenichiro Arai**

Director General of Life-style Business Development  
Headquarters; In charge of Customer Service  
Quality Reformation Department, Railway Operations  
Headquarters; In charge of Shinagawa Development  
Number of Company shares owned: 2,500 shares

**Shigeru Matsuki**

In charge of Inquiry & Audit Department;  
In charge of Public Relations Department;  
In charge of Finance Department; In charge of Legal  
Department; In charge of Administration Department  
Number of Company shares owned: 1,200 shares

## Directors

**Tomokazu Hamaguchi\*3**

Number of Company shares owned: 1,400 shares

**Motoshige Itoh\*3**

Number of Company shares owned: 0 shares

**Reiko Amano\*3**

Number of Company shares owned: 0 shares



**Osamu Kawanobe**<sup>\*2</sup>

Executive Vice President  
Assistant to President; Director General of Railway Operations Headquarters  
Number of Company shares owned: 3,900 shares



**Masahiko Nakai**<sup>\*2</sup>

Executive Vice President  
Assistant to President; Director General of International Affairs Headquarters;  
In charge of Shinagawa and Large-Scale Developments  
Number of Company shares owned: 3,700 shares



**Fumihisa Nishino**<sup>\*2</sup>

Executive Vice President  
Assistant to President  
Number of Company shares owned: 3,800 shares



**Ryoji Akaishi**

Deputy Director General of Railway Operations  
Headquarters; In charge of Marketing Department,  
Railway Operations Headquarters; In charge of  
Tourism; In charge of Olympics and Paralympics  
Number of Company shares owned: 700 shares



**Yoichi Kise**

Director General of Corporate Planning Headquarters;  
In charge of Personnel Department;  
In charge of Health & Welfare Department;  
In charge of Regional Revitalization  
Number of Company shares owned: 1,300 shares

## Full-Time Corporate Auditors



**Shigeo Hoshino**<sup>\*4</sup>



**Hajime Higashikawa**<sup>\*4</sup>



**Yoshio Ishida**



**Seishi Kanetsuki**<sup>\*4</sup>



**Kimitaka Mori**<sup>\*4</sup>

(Certified Public Accountant)

## Auditors

\*1 The figures for the number of Company shares owned are as of June 22.

\*2 Representative director

\*3 Outside director

\*4 Outside corporate auditor

# Corporate Governance

## JR East's Basic Corporate Governance Philosophy

Corporate Governance Guidelines (Article 2)

The Company aims to meet the expectations of its stakeholders, including shareholders, customers, and local communities, by making transparent, fair, and prompt decisions in addressing its management challenges, such as ensuring safe and reliable transportation services and increasing profitability. JR East thereby works toward its goals of achieving sustainable growth in its businesses and improvements in corporate value over the medium-to-long term.

Further, to explain the Company's basic approach to corporate governance and provide specific examples of initiatives, a resolution of the Board of Directors established the Corporate Governance Guidelines, which can be viewed on the Company's website ([http://www.jreast.co.jp/e/data/pdf/20151125\\_guidelines.pdf](http://www.jreast.co.jp/e/data/pdf/20151125_guidelines.pdf)).

Because of the special characteristics of JR East's railway operations, which account for the majority of revenues, the Company emphasizes making management decisions based on a long-term perspective. Accordingly, JR East believes the most appropriate course is to enhance corporate governance based on its current auditor system of governance.

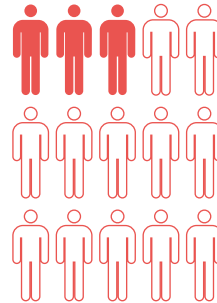
## Current Status of Corporate Governance System

Format	Company with auditors
Reasons for adoption of format	Due to the need for decision-making based on medium-to-long-term perspectives and a variety of knowledge and experience in relation to such matters as ensuring the safety of railway operations, which account for the majority of revenues
Meeting bodies and roles	<p><u>Board of Directors</u> Decides and oversees major business activities</p> <p><u>Board of Corporate Auditors</u> Audits the activities of the Board of Directors, Company operations, and assets</p> <p><u>Remuneration Deliberation Committee</u> Advises the president on matters regarding director remuneration</p> <p><u>Executive Committee</u> Deliberates on resolutions to be submitted to the Board of Directors and major management issues</p> <p><u>Group Strategy Formulation Committee</u> Deliberates on major issues affecting the entire Group</p>

## Outside Directors and Outside Corporate Auditors

Corporate Governance Guidelines (Article 17)

**15** directors  
(of whom **three** are outside directors)



**5** corporate auditors  
(of whom **four** are outside corporate auditors)



The Company has three outside directors and four outside corporate auditors.

There is no conflict of interest between these outside directors, outside corporate auditors, and JR East with regard to personal relationships, capital relationships, business relationships, or other potentially conflicting interests the Company is obliged to disclose.

In addition to overseeing the business from an independent perspective, outside directors will be appointed with the goal of taking advantage of their significant knowledge and experience in the Company's business. The Company will appoint such directors from a variety of areas in the interest of management diversity.

In order for corporate auditors to audit the execution of duties by directors from a perspective independent from that of the Board of Directors, the Company will nominate corporate auditors that have significant knowledge and experience in a variety of areas, including one or more persons that have expert knowledge in financing and accounting. Of the Company's five corporate auditors, four are outside corporate auditors.

Outside Directors	Reasons for Election
Tomokazu Hamaguchi	Mr. Tomokazu Hamaguchi has experience as President and Representative Director of NTT DATA Corporation among other experiences. He is suitable as an outside director based on his sound judgment and insight necessary for company management and his ability to supervise and advise on the Company's management.
Motoshige Itoh	Mr. Motoshige Itoh has served as a professor at the University of Tokyo (National University Corporation, the University of Tokyo) and Gakushuin University (The Gakushuin School Corporation) and as dean of the Graduate School of Economics at the University of Tokyo. He is suitable as an outside director based on his sound judgment and insight necessary for company management and his ability to supervise and advise on the Company's management.
Reiko Amano	Ms. Reiko Amano held important offices at Kajima Corporation and the National Research Institute for Earth Science and Disaster Resilience. She is suitable as an outside director based on her sound judgment and insight necessary for company management and her ability to supervise and advise on the Company's management.
Outside Corporate Auditors	Reasons for Election
Shigeo Hoshino	Mr. Shigeo Hoshino held important offices at the Ministry of Land, Infrastructure, Transport and Tourism and other organizations. He is suitable for supervising the implementation of operations by the Company's directors based on his sound judgment and insight necessary for supervising the implementation of operations.
Hajime Higashikawa	Mr. Hajime Higashikawa held important offices at the National Police Agency and other organizations. He is suitable for supervising the implementation of operations by the Company's directors based on his sound judgment and insight necessary for supervising the implementation of operations.
Seishi Kanetsuki	Mr. Seishi Kanetsuki has abundant experience and an extensive track record in the legal profession. He is suitable for supervising the implementation of operations by the Company's directors based on his sound judgment and insight necessary for supervising the implementation of operations.
Kimitaka Mori	Mr. Kimitaka Mori has been engaged in corporate auditing as a certified public accountant for many years. He is suitable for supervising the implementation of operations by the Company's directors based on his sound judgment and insight necessary for supervising the implementation of operations from a specialized perspective in relation to corporate finances and accounting.

## Activities in Fiscal 2018

### Attendance at Meetings of the Board of Directors and the Board of Corporate Auditors

Outside Directors		Outside Corporate Auditors		
Name	Attendance at Meetings of the Board	Name	Attendance at Meetings of the Board of Directors	Attendance at Meetings of the Board of Corporate Auditors
Tomokazu Hamaguchi	Attended 15 of 16 meetings	Shigeo Hoshino	Attended all 16 meetings	Attended all 14 meetings
Motoshige Itoh	Attended 15 of 16 meetings	Hajime Higashikawa	Attended all 16 meetings	Attended all 14 meetings
Reiko Amano	Attended all 16 meetings	Seishi Kanetsuki	Attended all 16 meetings	Attended 13 of 14 meetings
		Kimitaka Mori	Attended 10 of 12 meetings	Attended all 9 meetings

## Corporate Governance

## Compensation of Directors and Corporate Auditors

Position	Total Amount of Remuneration (Millions of Yen)	Total Amount of Remuneration by Type (Millions of Yen)		Number of Recipients
		Basic Remuneration	Bonuses	
Directors (not including outside directors)	707	535	171	16
Corporate auditors (not including outside corporate auditors)	12	12	—	1
Outside directors and outside corporate auditors	123	123	—	8
Total	842	671	171	25

The amount of remuneration, etc., includes the amount paid to three directors and one corporate auditor that resigned as of the conclusion of the 30th Ordinary General Meeting of Shareholders held on June 23, 2017, and one director that resigned on March 31, 2018.

### Evaluation of the Effectiveness of the Board of Directors

#### Corporate Governance Guidelines (Article 25)

An analysis and evaluation of the effectiveness of the Board of Directors was conducted at a meeting of the Board of Directors convened on April 18, 2018. The results were as follows.

The results of self-evaluation confirmed that at meetings of the Board of Directors items requiring deliberation are appropriately deliberated, there is adequate reporting that is useful in the supervision of the implementation of operations, and a compliance system and other systems have been established. Analysis of these results concluded that the Company's Board of Directors is

adequately fulfilling its role and responsibilities and is effective.

In light of the opinions of independent outside directors and with a view to increasing the effectiveness of the Board of Directors further, the Company decided to expand and improve training for directors through such measures as conducting site inspections for independent outside directors and decided to strengthen the risk management system through risk management measures that identify, analyze, and evaluate risks.

### Message from an Outside Director



Motoshige Itoh

Japan has a world-class railway network, in which the JR East Group plays a central role. The Group has fulfilled its responsibilities to the public by ensuring the safety of railways and providing reliable transportation services.

The JR East Group is in its 31st year since privatization. As a listed company, it has provided public services while pursuing corporate value maximization and growth. In addition to using a range of different technological innovations and changes in urban infrastructures as a tailwind, the Group has tackled such structural issues as population decline. Amid these changes, with the railway business as its base, the Group has expanded the life-style service business and other businesses outside transportation. It has adopted this approach because implementing initiatives in a wide range of fields centered around transportation enables the Group to offer customers even higher quality services and at the same time realize a high level of synergistic benefits as a company. Further, the Group is using the transportation technology and expertise it has fostered in Japan to expand overseas.

As an outside director, I have provided JR East with advice from a perspective external to business management. Given the extensive social role that the Group has and the diverse potential for business development strategies, I believe that reflecting external perspectives in business management is extremely important.

# Compliance

## The JR East Group's Basic Approach to Compliance

The JR East Group has established the Policy on Legal and Regulatory Compliance and Corporate Ethics to provide guidelines on corporate conduct. Accordingly, in compliance with the Railway Business Act and other relevant laws and regulations and based on sound corporate ethics, the Group conducts a wide variety of businesses, including railway operations, the life-style service business, and IT & *Suica* operations. In addition, the Group advances compliance initiatives. As well as educating its employees, the Group has established Compliance Hotlines internally and externally.

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

The Policy on Legal and Regulatory Compliance and Corporate Ethics establishes the JR East Group's approach to compliance and corporate ethics based on the Group's philosophy and basic principles. To heighten the policy's effectiveness and explain desirable employee conduct, the Group prepared the Compliance Action Plan and distributed a handbook based on it to all Group employees. In fiscal 2018, the Company revised the handbook to reflect amendments to laws and regulations and explain desirable conduct more specifically.

Further, given its stepped-up overseas business development, the Group prepared and announced the Basic Policy Aimed at Preventing Bribery in Relation to Non-Japanese Civil Servants.

## Advancement of Compliance

To further each employee's understanding of the importance of compliance and the meaning of the Policy on Legal and Regulatory Compliance and Corporate Ethics, the JR East Group conducts an

annual compliance education program that targets all Group employees. In recent years, department leaders have been conducting study groups for each workplace using materials prepared by the Head Office. This education focuses on case studies of violations taken from operations that are familiar to each set of employees and encourages each employee to think again about why rules must be followed and the consequences if they are not followed.

Further, the Group has prepared the Basic Matter Confirmation Support Sheet, which lists basic matters related to compliance that leaders of each operational department should check regularly in their management of operations. The Group continuously conducts inspections and checks based on these sheets. To make these measures even more effective, the Group enables the checking of progress in implementing sheets at sites through the intranet. Further, to spread awareness of the importance of following rules, the Group has made available on the intranet the Compliance Incident History Exhibition Hall so that it can be used at workplaces as a source of educational materials about representative cases of actual violations.

## Main Compliance Seminars in Fiscal 2018

Title	Number of Sessions	Participants	Contents and Objectives	Number of Participants
Compliance Training for All Employees	1	JR East and Group company employees	Rigorous compliance awareness	All employees
New Recruit Training	1	JR East new recruits	Rigorous compliance awareness	All new recruits
Basic Legal Training	1	Group company legal affairs and compliance personnel	Acquisition of basic legal and compliance knowledge	35
Legal Expert Training	1	Legal affairs group leaders, etc., of Head Office and branch offices	Acquisition of advanced legal expertise	13
Legal Skills Training	1	Legal affairs personnel of Head Office and branch offices	Acquisition of legal and compliance knowledge related to duties Enhancement of legal reasoning and problem-solving skills, etc.	13
Legal Seminar	2	JR East and Group company executives and employees	Explanation of new and amended laws Compliance awareness training	510
Compliance Seminar	2	JR East and Group company executives and employees	Rigorous awareness of compliance-based business management	260
Group Company Compliance Seminar	1	Group company executives and employees	Rigorous awareness of compliance-based business management	70